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Human Cloning Raises a Question: Is It Right to Do It?

By Gina Kolata New York Times Service

NEW YORK — A university researcher in Washington has, in an experiment, cloned human embryos, splitting single embryos into identical twins or triplets. This appears to be the first report of such a feat.

The scientist, Dr. Jerry L. Hall of George Washington University Medical Center, reported his work at a recent meeting of the American Fertility Society.

The experiment was not a technical breakthrough, since he used methods that are commonly used to clone animal embryos, but it opens a range of practical and ethical questions.

For example, since human embryos can be frozen and used at a later date, it could be possible for parents to have a child and then, years later, use a cloned, frozen embryo to give birth to an identical twin.

Dr. Hall is in the in vitro fertilization program at George Washington University, in which doctors help women have babies by mixing sperm and eggs in a laboratory and then implanting the embryos in the women.

He was trying to devise a method to create more embryos to implant when couples do not produce enough for fertilization. The embryos used in the experiment were at the stage of just a few cells. They were not usable for technical reasons and were discarded, not implanted in a woman's womb.

Dr. Hall and Dr. Robert Stallman, the director of the in vitro fertilization program, declined to be interviewed. But in a summary of a scientific paper that Dr. Hall presented on Oct. 13 at a meeting in Montreal of the American Fertility Society, he wrote that by splitting the embryos into twins or triplets or quadruplets, doctors could try to implant more embryos, making it more probable that the woman would become pregnant with at least one of them.

Dr. Hall reported his findings at an open meeting, but his results were not publicized. A description of them is to appear this week in a science magazine.

Cloning, the creation of organisms with an identical set of genes, occurs naturally in humans in the case of identical twins.

A technique has been developed for making identical twins in animals such as cattle by dividing the embryo one or more times and letting the new clusters of cells develop into genetically identical organisms.

Scientists who routinely clone animal embryos said that cloning human embryos should be just as easy.

"I see no reason on earth why it could not be done," said Dr. Robert McKinnell, a professor of genetics and cell biology at the University of Minnesota.

Dr. McKinnell explained that it is much

harder to take a cell from an adult and use it to make embryos or even clones, since the cells of adult organisms are committed to specific functions and have switched off their capacity for full development.

Biologists do not know how to reverse these switches. In the laboratory, plants can be cloned from a single cell of an adult, but no way of doing this with mammals has been discovered.

But ethicists said that the very fact that plant cloning is easy makes the question of human clones so intriguing.

"It's not scientifically rich, but that's what makes it morally and legally of concern," said Dr. Arthur Caplan, director of the Center for Bioethics at the University of Minnesota. "It

doesn't take a Nobel Prize team with a million-dollar lab. It's fairly simple."

Despite the scruples of most scientists, he said, there is no way to control or contain the technology.

The ethical implications are perplexing, experts said. One "Brave New World" scenario made possible by embryo cloning is that parents might be able to save identical copies of embryos so that, if their child ever needed an organ transplant, the mother could give birth to the child's identical twin, a perfect match for organ donation.

Or parents could keep a frozen embryo as a backup in case their child died, so they could create an identical replacement.

Now that the cloning of human embryos is

clearly a possibility, some are asking why it has started with a whisper and not a shout.

The answer seems to be that the cloning of humans is part of the nether world of in vitro fertilization, a research area that the government has decided to forsake.

With no federal money to pay for the research, studies of in vitro fertilization have been carried out by scientist-entrepreneurs, many of whom left government laboratories to work on their own, the only way they could study human embryos.

Although they have made spectacular advances in the 15 years since the first child was born from in vitro fertilization, no national board has discussed the ethical issues surrounding this research.

France Yields In Airline Strike, Urging 'Social Peace'

Air France Head Quits As Government Rejects His Plan to Save Carrier

By William Drozdiak Washington Post Service

PARIS — Fearing the threat of spreading social unrest, France's conservative government of Prime Minister Edouard Balladur accepted the resignation of Air France's president on Sunday after abandoning his austerity plan for the debt-ridden state airline.

After a week of chaos at Paris airports that cost Air France at least 70 million francs (\$12 million) a day, the airline's chairman, Bernard Attali, quit when his program calling for wage reductions and the elimination of 4,000 jobs was disavowed by the government.

Transport Minister Bernard Bosson, in an interview on French television, demanded the "return of social peace" through a new plan that would not involve the firing of any employees. Air France expects to lose about 5.5 billion francs this year and risks being overwhelmed by such rivals as American Airlines and British Airways, which have already carried out major restructuring plans.

But strike leaders said they remained wary about the government's intentions and refused to call off disruptions that have involved occupation of the runways. Pilots from Air France and the domestic airline Air-Inter have threatened to join the strike Tuesday, along with railroad and subway workers.

The labor crisis poses a serious political confrontation between President Francois Mitterrand, a Socialist who is a friend of Mr. Attali and appointed him to his post, and the Gaullist government headed by Mr. Balladur. The Gaullists, who took power in March, are trying to curtail France's bloated state sector.

Until now, Mr. Balladur has thrived by sustaining a comfortable and courteous relationship with the Socialist president. Mr. Mitterrand has insisted he would spend his remaining 18 months in office defending his prerogatives in guiding French defense and foreign policy and protecting the network of social benefits built up in previous years of Socialist rule.

Mr. Balladur is committed to a program of shifting control of many state-owned companies to the private sector, which risks raising unemployment that is already near 12 percent.

But Mr. Balladur's economic strategy is held hostage to a political calendar that calls for presidential elections in the spring of 1995. Opinion polls show he is the most favored candidate among likely voters.

In announcing his resignation on Sunday, Mr. Attali, 49, said, "The government has decided to withdraw the program to return to financial equilibrium that I consider indispensable to the survival of the company."

Mr. Attali's brother, Jacques, was forced to resign as president of the European Bank for Reconstruction and Development earlier this year amid a spending scandal.

News agencies reported from Paris: An Air France union leader signaled Sunday that the strike would continue through Tuesday. Michel Bousquet, of the Communist-led General Labor Confederation, said that "even if the government has backtracked on what primarily sparked the action, it is likely that our industrial action will go ahead."

"Doubtless we will not return to work before Wednesday," he added, "but the unions must now be quickly invited to negotiations."

Mr. Bosson said a new plan for Air France would be worked out "through dialogue" over the next three months. "We must create a new climate of trust," he said.

At Paris's airports on Sunday, foreign carriers maintained their schedules as the strike continued for a sixth day. But Air France continued diverting most of its flights to Brussels and French provincial cities.

The carrier said just four flights were planned from Orly International Airport, south of Paris, on Monday and none at all from Charles De Gaulle International Airport south of the capital. (AP, AP, Reuters)

Jubilant Over Jays, Canada Is Blue Over Vote

The Political Order Is Likely to Strike Out

By Anne Swardson Washington Post Service

TORONTO — For the second year in a row, Canada is taking an incongruous Saturday-to-Monday journey from exhilaration to exasperation.

Exhilaration: The Toronto Blue Jays won their second consecutive World Series Saturday night, with an 8-6 victory in Game 6, sending the people of this city into the streets for a screaming, chanting, flag-waving demonstration of national pride that lasted into the small hours.

Exasperation: On Monday, Canadians head to the polls for their second national election in as many years. Indications are that they will do the same thing they did last October: resoundingly reject the nation's established political order.

Last year, Canadians were virtually awed at having beaten the United States in baseball. The novelty of the first World Series won by a non-American team had pundits and politicians, even those outside Toronto, raving about the glory of the nation.

And last year, the outcome of the election two days later, when Canadians rejected a set of constitutional reforms designed to keep Quebec within the confederation, was a

surprise. Few had guessed until a few days before that citizens were so completely fed up with politicians and politics that they would reject a measure supported by every major party and political leader.

This time, the mood was sourer on both baseball and politics.

Torontonians are proud of their Jays, but the victory had an air of inevitability. The victory parade was scheduled before the series even ended or its outcome was known. "Next Stop Yankee St.," read a banner in the stadium, in a reference to the site of the ensuing celebration.

And the corporate nature of the team has been underscored in recent days as Jays officials have let it be known that some of the costly roster would turn over again next spring.

Politically, cynicism has become the watchword. It has been clear for weeks that Canadians are going to toss out the incumbent prime minister, Kim Campbell of the Progressive Conservative Party, and give a grudging victory to Jean Chretien, the Liberal Party leader. Two splinter parties have aroused the most passionate feelings — mostly over the issue of Quebec — while increasing divisiveness in the nation. And the economy, at least in the perceptions of voters, has only worsened.

"We're still in a major recession," said David Bereskin as he and his wife, Bonnie, left the SkyDome stadium on Saturday. "Baseball is just a little fun and fantasy."

He and other fans said this Series was more meaningful than last year's in one way: It was won on Canadian soil. The 1992 clincher was in Atlanta. This victory sent hundreds of thousands of mostly well-dressed, mostly young and mostly white Canadians into the streets of Toronto to wreak Canadian-style havoc. That means waving Canadian flags, honking horns and stepping back on the sidewalk when asked by a policeman.

"Hey, let's turn over a cop car," said one fan as he walked by a parked cruiser. His friends chuckled at the joke as they all moved on.

A number of fans expressed cynicism about the election. "This still doesn't give anyone a job or more money, but it makes them feel better," said Dave McKinnell, 40.

"I'll take the World Series over the election anyday," said Larry Hart, 52. "Now we have nothing to look forward to but a government no better than the one we're going to throw out."

"Maybe we can do it three times," said Harley Clark, 53. See CANADA, Page 6



Mitch Williams, the Philadelphia Phillies' relief pitcher, watching Joe Carter's game-winning three-run homer in the ninth that gave the Toronto Blue Jays an 8-6 victory in Game 6 and their second World Series championship in a row.

With PLO Help, Truce Declared In Harrods Feud

By Youssef M. Ibrahim New York Times Service

The well-publicized and expensive legal battle over control of Harrods, the famous London department store, was ended only by chance, after a meeting that involved a senior Palestinian Liberation Official official and the Saudi financier Adnan Khashoggi, according to a businessman who played a key role in its resolution.

The fight over ownership of Harrods ended over the weekend after costing at least \$88 million in lawyers' fees over eight years and holding the attention of Britain's media and business establishment for much of that time.

The antagonists, the German-born Roland (Tiny) Rowland, the tycoon whose vast African interests are grouped in the conglomerate Lombo PLC, and Mohammed Fayed, an Egyptian billionaire and owner of such properties as the Ritz Hotel in Paris as well as Harrods, shook hands at the store's renowned food hall Friday, ending a feud that has had international political and financial ramifications.

The two men had been brought together through the efforts of Mr. Khashoggi and Bassem Abu Sharif, a senior adviser to Yasser Arafat, chairman of the PLO. They met to draw up proposals for business ventures in the Israeli-occupied Gaza Strip by Lombo, which Mr. Rowland founded and had dominated until the recent emergence of Dieter Bock as the company's main shareholder.

"The idea was to talk about Lombo starting business ventures in Gaza and the West Bank of the Jordan to help launch the peace process with Arab and international funding," said Hassan Yassin, a businessman and former information director in Washington for the Saudi Arabian government, who had an important role in setting up the meeting.

"But the first lunch we had on that subject, at my house on Wednesday with Tiny Rowland and Bassem Abu Sharif, quickly turned into convincing Tiny it is time to end that feud with the Fayed," Mr. Yassin said in a telephone interview from his house in London on Sunday.

"I told Tiny that if Yasser Arafat and Yitzhak Rabin can shake hands, he and Mohammed Fayed can do so, too. It was very easy. He was ready for it. So I called the Fayed, and I actually drafted the first agreement in a piece of paper here with my maid, Phyllis, helping out. Two days later, they shook hands at Harrods. The only big losers are the lawyers, which milked both of them clean."

"The whole thing took a few seconds," Mr. Rowland said in a telephone interview from his weekend house near London. "When Ali Fayed came into Hassan's house, we just looked at each other, laughed and hugged."

Mr. Rowland said that he had dropped all lawsuits relating to Harrods and that the matter was closed. He described the reconciliation as natural, "as I have known the Fayed for 20 years," and he said possible deals with Palestinian officials had not been part of the settlement.

"It's just a coincidence that we were there to discuss investments in Gaza," he said.

Mr. Rowland said over the weekend that Lombo had spent \$50 million (\$73.6 million) on a series of lawsuits he had launched to contest the right of the Fayed to own House of

See LONRHO, Page 13

A New World Role for Japan at Issue As Cambodia Peacekeepers, an 'Unimpressive' Performance

By Philip Shenon New York Times Service

TAKEO, Cambodia — In the dun-colored, desert-like plains of southeastern Cambodia, Captain Kohji Maeda of the Japanese Self Defense Forces offered a farewell tour of the military camp that wide-eyed neighbors had taken to calling "Yanag" — a palace.

Captain Maeda pointed out the air-conditioned barracks with satellite television, the filtration plant able to purify 70 tons of water a day, the row of vending machines that accepted 100-yen coins for ice-cold cans of Japanese beer, the cafeteria that served only Japanese fare and the Japanese-style bath houses with communal tubs and computerized controls.

"We have tried to make it like home," Captain Maeda said.

In that, the Japanese succeeded, so well that many United Nations peacekeepers are left wondering whether the image of the fierce, self-reliant Japanese warrior has been shattered forever by the experiences of the Japanese in

Cambodia, and whether the Japanese are prepared for the sacrifices of peacekeeping.

When 600 members of a Japanese engineering battalion and 75 civilian police officers were sent to Cambodia last year after a grueling national debate over the role of Japan's military, Tokyo hoped to prove that it could support the concept of peacekeeping with something other than a checkbook.

It was the first time that Japanese ground forces had been posted abroad since World War II.

As the UN operation here winds down and with the last of the Japanese forces already home, there is the sense among many UN officials that the Japanese are not yet ready for the expanded role they seek.

The Japanese ambassador to Cambodia, Yukio Imagawa, said that although "there was some criticism" of the Japanese force, "this was Japan's first experience with UN peacekeeping, and it was a very good experience."

"The next time, we will do even better," he said.

The Japanese Army engineers were complimented for their performance in repairing roads and bridges that were destroyed during a generation of civil war in Cambodia.

Still, senior UN officials in Cambodia say they were bitter over the privileges that the Japanese forces asked for — and usually received — in exchange for their participation in the 22,000-member peacekeeping operation.

They were angrier over the fact, largely unpublicized until now, that many Japanese abandoned their posts during the peacekeeping operation, apparently out of fear for their safety and with the tacit approval of the Japanese government.

"This has not been an impressive performance by the Japanese," a Western diplomat said.

Japan was not alone in making special de-

See HOME, Page 6

Now, Kennedy Nephew Faces Bar-Brawl Charge

By Spencer S. Hsu and Charles W. Hall Washington Post Service

WASHINGTON — William Kennedy Smith, who was acquitted nearly two years ago in a Florida case that focused national attention on the issue of date rape, has been charged by the police in Arlington, Virginia, with assaulting a bar bouncer.

Mr. Smith, 33, thought the bouncer, Henry Cochran, was a friend of a man Mr. Smith had agreed to fight outside the Bardis Rodeo pub, authorities and Smith family members said. Mr. Smith is a nephew of Senator Edward M. Kennedy of Massachusetts.

"Our doorman opened the door for Smith, and he just got popped," said Lisa Lima, general manager of the Bardis Rodeo. Witnesses and Mr. Smith's attorney, Gregory B. Craig, said Saturday that Mr. Smith had argued with an unidentified man who had taunted him and a woman companion, referring among other things to the rape case.

"My friends and I were hassled, baited and insulted by people who wanted to pick a fight with me," Mr. Smith said in a statement Saturday. He appeared before a magistrate early Saturday and was released without bail after agreeing to appear in court on Dec. 3.

Mr. Craig said Mr. Smith had gone to the bar about midnight with the woman and met three of his friends there.

"It was a difficult situation, and I wanted to defend myself," Mr. Smith said. "I regret what happened."

Misdemeanor assault and battery carries a maximum penalty of a year in prison and a \$2,500 fine.

Mr. Smith, a Georgetown Medical School graduate who recently began a three-year residency at the Rehabilitation Institute of Chicago, was acquitted in December 1991 on charges that he had raped Patricia Bowman of Jupiter, Florida, while at the Kennedy estate in Palm Beach during the Easter weekend that year.

Besides fueling a national debate on date rape, the televised trial raised questions about media identification of alleged rape victims.

Senator Kennedy, who was at the Palm Beach estate the night Ms. Bowman said she was attacked and steadfastly supported his nephew throughout the trial, said in a statement Saturday: "I have spoken with Will, and as I understand it, it was a fight he never wanted and obviously regrets. It was an unfortunate incident."

Mr. Smith, whose mother, Jean Kennedy Smith, was appointed U.S. ambassador to Ireland this year, is in Washington to attend a charity event for the disabled.

Police reports indicate that Mr. Smith argued with a man inside the pub before allegedly assaulting Mr. Cochran near the

See SMITH, Page 3

Georgian Troops Close In on Rebels TBILISI, Georgia (AP) — Georgian troops gained an advantage on Sunday in western Georgia's civil war, moving into the stronghold of the deposed president, Zviad Gamsakhurdia, for the first time. Troops of Eduard A. Shevardnadze's government closed in from three directions, leaving the rebels with just 6 of the 12 towns they had controlled three days earlier. They even captured towns in Mr. Gamsakhurdia's home province of Mingrelia. Among the towns still under Mr. Gamsakhurdia's control were the Black Sea port of Poti and the rebel military center of Senaki.

Starting Today: 2 New Features on Personalities and Businesses Up and Coming: An occasional series about the names in tomorrow's headlines. The second — Small Business, appearing on Page 11 — tells the story of entrepreneurship in action. Book Review Page 5. Crossword Page 18.

سكوا من الأصل

An Outspoken Young German Who Has His Country's Ear

By Brandon Mitchener
International Herald Tribune

BONN — His name translates as black, but for many Germans fed up with politics and politicians as usual, Stefan Schwarz is a rare white knight in a gray-on-gray world.

One of the youngest members of Germany's lower house of parliament, Mr. Schwarz, 34, entered the limelight in December with a passionate 10-minute speech that compared the West's indifference to Serbian atrocities in Bosnia to its tragic appeasement of Nazism in the 1930s. The speech, his first, ended on the words, "I say we should intervene, I'm tired of keeping quiet," to thunderous applause.

Ever since, the down-to-earth Christian Democrat from Rhineland-Palatinate

party, the Christian Democratic Union, "But he is honest and open and immensely important as one of very few politicians who appeal to young people."

The headlines in German newspaper profiles are also adoring. One called him the "Good Man of Bonn," a play on the name of a moral drama by Bertolt Brecht, while another praised his "courage and commitment." The Frankfurter Allgemeine Zeitung, not usually one to go out on a limb, tried its sketch simply "Told the Truth."

The man behind the headlines, son of a prominent politician, is self-confident but modest. Asked how he touched the nation's nerve, he answered, smiling and without hesitation, "I'm normal."

Indeed, though he is prone to stoke controversy on sensitive issues, often opposing his party's decisions, political commentators declare that he is in touch with reality, while most of Bonn is not.

Asked what would become of the new building that houses Germany's lower house of parliament when the government moves to Berlin, for example, Mr. Schwarz said flatly: "We're not going anywhere. Most people know it, but few have the courage to say it."

Mr. Schwarz criticized the recent cabinet decision to move the parliament and several other significant federal institutions to Berlin by 2000 as false nostalgia. Bonn is culturally and politically closer to the center of Europe, he said, calling himself a "postwar German European" who is comfortable with the concept of a United States of Europe. He is a leader of what pundits describe as a free-thinking "young group" in the Christian Democratic Union.

Dressed as usual in blue jeans, tennis shoes and a shirt unbuttoned at the collar to expose a plain white T-shirt, Mr. Schwarz looks more like a student than a conservative politician. His office is cluttered with compact discs of concerts by Eric Clapton and Elton John, and although he married his sweetheart of 17 years in September, a poster on his office door proudly plugs a party for a Roman Catholic bachelors club in Leutesdorf, his hometown.

He may be young but he has gray hair, in part because of repeated death threats from Serbian nationalists. He is the youngest political figure in Bonn who is shadowed by a security detail. "They're my iron collar," he said jokingly, but winced at the memory of a recent Bruce Springsteen concert to which he was accompanied by bodyguards.

His passion on matters Yugoslav is such that a brunch meeting intended to last an hour lasts three and a half, over honey buns and a double espresso, he blasts British power politics and Serbian aggression.

"The Bosnians are paying the price for Britain's balance-of-power politics," he said, accusing the British, and to a lesser extent France, of rewarding Serbia for its support of the Allies during World War II. The idea might sound outlandish were it not also advanced elsewhere — for instance, in a recent front-page editorial



Asked how he touched the nation's nerve, Mr. Schwarz said, "I'm normal."

in the Neue Zürcher Zeitung, a conservative Swiss daily.

His answer to the Bosnian conflict, which relies heavily on U.S.-German initiative, is "isolate the Brits and keep the French neutral" while striking Serbian military targets and aiding civilians.

The Christian Democrats are considered conservative, but Mr. Schwarz describes himself as mainstream. He rejects characterizations that he is politically left of center.

His obsession with the Yugoslav conflict, which adds to a full schedule of legislative responsibilities, began when a Croatian woman bearing photographs of victims of Serbian atrocities was referred to him by a colleague. The colleague,

whom he declined to identify, "told her I took interest in such things."

At first he did not believe the pictures, but a trip to the region, a friendship with a young Bosnian translator who supplied him with information, and discussions with war correspondents convinced him that atrocities were being committed. He gave office space and financial support to Bosnians in Bonn and mapped out a strategy.

He supported lifting the arms embargo against Bosnia and launching surgical strikes against Serbia long before the ideas were considered acceptable in Germany, which for historical reasons is reluctant to project military force abroad.

As a postwar German, he is undaunted by that history. "It's because we experienced it before that we have to do something about it now," he said in his Bundestag speech, referring to Nazi Germany's slaughter of 6 million Jews.

He expressed sympathy for Steffen Heitmann, Mr. Kohl's nominee for the ceremonial post of president of Germany, who has been widely criticized for saying Germany should not be saddled with its past "until the end of time."

Said Mr. Schwarz, who once worked with Mr. Heitmann in Berlin: "He was a victim of dictatorship himself, and now he's being punished because he grew up somewhere where it was impossible to become a professional politician." Mr. Heitmann is an East German.

Although his unconventional approach often focuses as much attention on himself as on the issues he discusses, he insists he is presenting "theses, not myself."

One of six children reared in a Catholic family, he learned responsibility early, he said. He has been head of his state's Christian Democratic youth group since 1986, when he was 27. Trained as a banker, he began studying law before becoming involved in politics.

Unapologetically idealistic, he said he would continue to speak his mind even if it jeopardized his chances of climbing the political ladder. "My personal integrity is more important than my Bundestag job."

If he fails to get re-elected to parliament next year, dark-humored friends say he can always run for president of Bosnia, if there is anything left of it.

WORLD BRIEFS

Kazakhstan Makes Pledge on Arms

ALMA-ATA, Kazakhstan (Combined Dispatches) — Kazakhstan, one of four former Soviet republics with atomic weapons, pledged on Sunday to ratify by the end of the year an accord on dismantling its nuclear weapons.

President Nursultan A. Nazarbayev said after talks with the U.S. secretary of state, Warren M. Christopher, that an agreement between the two countries on Kazakhstan's dismantling of its nuclear weapons would be ratified by parliament. A total of 104 SS-18 intercontinental missiles with more than 1,000 warheads are deployed in Kazakhstan.

In a statement, the two men said the United States would give Kazakhstan up to \$80 million for the dismantling program. Washington is also to provide \$140 million in economic aid by the end of the year, and technical and financial help in cleaning up the environment in the former Soviet central Asian republic. (Reuters, AFP)

Bosnian Army Attacks Croat Enclave

SARAJEVO, Bosnia-Herzegovina (Reuters) — The Muslim-led Bosnian Army has launched a major assault on the important Croatian enclave of Vares in central Bosnia, a United Nations spokesman said Sunday.

The spokesman, Lieutenant-Colonel Bill Aikman, said the attack on Vares, until now virtually untouched in the 19-month civil war, began Saturday after Bosnian troops seized the outlying settlement of Kopjari to link up with comrades trapped within the pocket.

Kohl's Choice Fares Poorly in Poll

FRANKFURT (IFT) — If Germans could elect their president directly, Steffen Heitmann, Chancellor Helmut Kohl's choice for the job, would not stand a chance of success, according to a public opinion survey to be published Monday.

Only 21 percent of respondents in a survey for the magazine Der Spiegel said they would like to see Mr. Heitmann play an important political role in the future. Twenty-three percent said they had not heard of Mr. Heitmann, who has been widely criticized for his conservative views on women, foreigners, homosexuals and German history.

Johannes Rau, the presidential candidate of the opposition Social Democratic Party, led the poll, with 70 percent support, followed by Wolfgang Schauble, a close political supporter of Mr. Kohl, with 58 percent and Rita Süssmuth, president of the lower house of parliament, with 64 percent.

Burundi Soldiers Flee Irate Peasants

BUJUMBURA, Burundi (Reuters) — Soldiers fled Burundi on Sunday, fearing attacks in a popular backlash against the military coup last week, foreign diplomats said.

Diplomats said that no foreigners were hurt in the coup on Thursday in which Burundi's first democratically elected president, Melchior Ndadaye, was killed.

Diplomats said peasants in some areas, angered by the overthrow of Mr. Ndadaye, had felled trees to block roads and impede the soldiers. They said there were unconfirmed reports that peasants from the majority Hutu tribe had massacred minority Tutsis — the country's former feudal rulers who dominate the army — at Kakuzi and Gitega, east of Bujumbura.

U.S.-North Korea Talks Move Ahead

SEOUL (AP) — The United States may grant North Korea diplomatic recognition in exchange for permission to inspect possible nuclear weapons facilities and efforts to improve relations with South Korea, reports said Sunday.

According to reports of the agreement in principle, which made the front pages of most South Korean newspapers, if the deal goes through, the United States will allow high-level bilateral talks in exchange for a North Korean follow-through on promises to allow full international inspections of its secretive nuclear plants.

Damage Slight as Quake Jars Mexico

MEXICO CITY (AFP) — An earthquake measuring 6.8 on the Richter scale rocked Mexico on Sunday, causing minor damage, some power outages and panic among some residents, officials said. No casualties were reported.

The National Seismological Institute said the quake's epicenter was 320 kilometers (199 miles) southeast of Mexico City in the Pacific coast state of Guerrero. The quake struck at 1:55 A.M. and lasted two minutes. Tourists in Acapulco were panicked, but no casualties were reported.

Japan may soon partially lift its ban on rice imports. Page 11.

Correction

A New York Times article in some Thursday editions reported that a United Nations war crimes commission had found evidence that rape had been used by Serbian forces as a weapon of terror in the war in Bosnia-Herzegovina. The article should have said that the interim report concluded that the existence of "a systematic rape policy" by the Serbs "remains to be proved."

TRAVEL UPDATE

A subway conductor and ticket agent in the Paris Métro were attacked Sunday on the eve of partial strikes aimed at protesting rising violence in the rail system. The incidents occurred on Lines 4 and 9, the two where partial strikes were planned to protest a lack of security in a system that transports 4 million passengers a day. (AP)

Casino gambling has arrived in Quebec. A casino opened this month in Montreal in the Palais de la Civilisation, built for Expo 67 on the St. Helene in the St. Lawrence River. It has now been refurbished as a casino designed to accommodate 5,000 people, including 1,500 players. Unlike casinos in Las Vegas and Atlantic City, the one in Montreal is not operating around the clock, a spokesman said, but is open daily from 11 A.M. to 3 A.M. (NYT)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

- MONDAY: Ireland, New Zealand, Taiwan, Thailand.
- TUESDAY: Austria, Rwanda.
- WEDNESDAY: Turkmenistan, Zaire.
- THURSDAY: Czech Republic, Cuba, Cyprus, Greece, Turkmenistan.
- FRIDAY: Turkey.
- SATURDAY: Burma, Sri Lanka.

Source: J.P. Morgan, Reuters.

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In France, Proponents of a Trade Accord Start to Speak Up

PARIS — Loos to hiding, French supporters of a world free trade agreement have been emerging into the open to confront opponents in a pressing national debate.

A string of senior statesmen and centrist political leaders, worried that critics of a GATT agreement were whipping the country into a dangerous protectionist frenzy, have appealed for a more level-headed appraisal of a trade deal.

"I want us to get out of this emotional atmosphere and, in some cases, frenzy," said Raymond Barre, a former prime minister and

a widely respected centrist, last week.

His statement, made against a backdrop of doom and gloom painted by opponents of a deal, flushed out moderates who for months had held their tongues as colleagues in the center-right majority denounced the negotiations.

Valéry Giscard d'Estaing, a former president and head of the centrist Union for French Democracy, said opponents of a trade pact had raised the stakes too high by saying that it would destroy French agriculture and hurt industry.

"I think it's been overdramatized," Mr. Giscard d'Estaing said.

"Our country depends heavily on international trade and our future jobs depend on it. It's in our interest to have rules."

News organizations have begun listening to the proponents. They even uncovered a crack in the farm lobby, the central pillar in the anti-GATT camp, when they spotlighted a plea for an agreement from wine and spirits exporters.

The exporters, whose foreign sales often exceed those of grain producers, fear retaliation in the event of a trade war.

"The situation had to be unblocked," said Charles Millon, parliamentary leader of the Union for French Democracy.

Opponents of a pact being negotiated under the General Agreement on Tariffs and Trade may no longer have the upper hand.

A SOFRES poll showed that 46 percent of the electorate thought France should sign an accord even if it was not wholly satisfactory, to prevent the country from being isolated. Thirty-eight percent said the government should reject a deal.

Voters from one major political party, the Communists, favored scuttling an agreement. The most powerful party, the Gaullist Rally for the Republic, was split, 45 percent in favor and 42 against.

The Gaullist leader, Jacques Chirac, has also adjusted his rhetoric. During the campaign that ended with the center-right's victory in a general election last spring, Mr. Chirac had repeatedly said that France should veto a U.S.-European Community farm trade deal that is central to a broader GATT agreement.

Last week Mr. Chirac made no mention of a veto as he left a meeting with Prime Minister Edouard Balladur.

The meeting was part of a two-day series that Mr. Balladur held with political leaders and representatives of trade unions and farmers, highlighting the national scope of the debate.

"It was an extraordinary event, reflecting an extraordinary debate," said the GATT director-general, Peter Sutherland. "It does not think anything similar has happened in any other capital."

Q. If the Dec. 15 is not met, then what?

A. If the Uruguay Round fails, the scenario will range from the very gloomy to the desperate. The world will have lost the opportunity to establish a multilateral trading system. Instead of global international trade, we will by inference have opted for the rise of trade blocs, the growth of protectionism, the inability to resolve trade conflict, the pursuit of managed trade and a general increase in trade tensions.

Q. Jacques Delors, the president of the EC Commission, accused the French government of becoming hysterical over the GATT issue. Do you find him an ally?

A. We have many allies. There are a number of them in France — courageous people who have spoken up for rational economics. I also understand that a poll in France indicates that more than 47 percent of the population wants a GATT agreement. Certainly Delors' comments, coming from a French national and a potential presidential hopeful, are important.

(The Cairns Group consists of Australia, New Zealand, Fiji, Thailand, Indonesia, Malaysia, The Philippines, Hungary, Argentina, Brazil, Chile, Uruguay, Colombia and Canada.)

Q. And what was your message to the European Community?

A. That the issues on agriculture that are being raised in Europe have to be solved in Europe. It is not a global problem. It is not our

Q. What did you tell the Germans?

A. We pointed out the huge advantages to the German economy, which is in recession, that the Uruguay Round will bring.

Q. And what was your message to the European Community?

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Q. Why is Dec. 15 so important to you, since the French are saying it's an artificial deadline that does not necessarily have to be met?

A. The Uruguay Round started in 1986 and was meant to run four years. It is three years overdue and the negotiating approval from the United States expires on Dec. 15. That date was consulted widely among the GATT contracting parties before it was settled and it is a

real deadline. No one believes that beyond then it will be possible to get an extended mandate.

Q. How did you respond to the argument that the French do not want to see the destruction of their agriculture?

A. I said that France will be among the biggest beneficiaries of a good outcome to the Uruguay Round. It will mean \$25 billion a year in extra income to the French economy and half a million extra jobs. The agricultural sector in France represents 4 percent of the economy and 6 percent of the labor force. This is a very tiny tail wagging a very big dog. To dicker about agriculture is a misusing of priorities. If the French obstruct the Uruguay Round on that basis they will be seen as saboteurs of the process and will be totally isolated globally.

Q. Is it true to say that most French agricultural exports go to other countries in the EC and therefore do not come under GATT?

A. I accept that point.

Q. What did you tell the Germans?

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Balladur Urges Bonn to Take Larger Role

BONN — Prime Minister Edouard Balladur says in a German television interview to be shown on Monday that he believes Germany should play a bigger role in world affairs.

"Germany is already taking on international tasks in the economic sector and sometimes in defense, but not quite in proportion to its economic strength and its own possibilities," he said on the private Sat 1 channel.

He offered support for Germany's attempt to obtain a permanent seat on the UN Security Council. Until now France has been reticent on the issue, fearing a dilution of its own status as one of the five veto-bearing permanent members.

Mr. Balladur appeared to align himself with Germany's view that a planned European Community currency union, strongly supported by France in the past, could be achieved only when Europe's economies meet strict conditions.

Coalition Shifts In Liechtenstein

VADUZ, Liechtenstein — Provisional returns in parliamentary elections Sunday showed that the senior partner in Liechtenstein's coalition government no longer holds the most seats.

Party saw its number of seats reduced to 11 from 12 out of the total of 25, the results showed. Its coalition partner, the centrist Fatherland Union, regained the majority, increasing its number of seats to 13 from 11.

Fellini Has Tracheotomy

ROME — Federico Fellini's condition was described as "normal" Sunday after he underwent a tracheotomy Saturday to facilitate breathing. The 73-year-old film director has been in a coma and on a respirator for a week in a clinic here.

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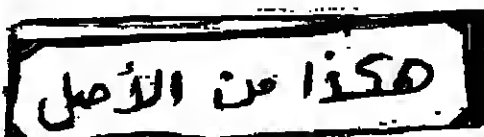
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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Real Partners for NATO

With the wreck of Yugoslavia still smoldering on its doorstep, you might think that NATO, which let it happen, was a declining, discredited organization.

purpose of NATO. It is what the American proposal for limited NATO "partnership" with other European nations is about.

True, the notion has the ring of an old-fashioned ladies' auxiliary. New "partners" would not get NATO's patented automatic security guarantee or even a guarantee of eventual membership.

To respond to the demise of the Soviet threat and to satisfy insistent voices at home, the Clinton administration and its predecessor have cut forces in Europe sharply.

In fact, an offer of early NATO membership, even for the Poles and the other readiest Central Europeans, is not in the cards.

Not on present showings. The signs are that Friday's hurriedly convened meeting of EC heads of government is going to do more harm than good.

Standing Down in Somalia

President Bill Clinton was right to order last week's withdrawal of 750 Army Rangers from Somalia, calling off their no-win hunt for a hostile local warlord.

correctly described as a "stand-down position."

The first fruit of the changed approach was the release of Chief Warrant Officer Michael Durant, the American captured by General Aidid on Oct. 3. This was followed by a ceasefire in Mogadishu, achieved, according to Washington, without concessions.

Washington's new course does not mean that Americans reject UN peacekeeping, but rather its muddled misapplication.

After the killing in Somalia of Pakistani peacekeepers, and after the grisly pictures of dead Americans being dragged through the streets like trophies, dealing with the perpetrators is profoundly distasteful.

As the major contributors of arms and troops, Americans have earned the right to rethink a failed strategy. It is unclear whether Washington's preferred solution — a peace conference that would draw all factions into a decentralized state — is within reach before the president's March deadline for full disengagement from Somalia.

Of late, that tag has changed. Officials now say that this week's meeting is a "celebratory" summit that will mark the entry into force of the Maastricht treaty.

It's a nice idea, but unlikely to fool anyone. The Maastricht treaty describes the destination the Community wants to reach but is definitely not a road map.



'Explain? Why, of course I can explain...'

What's the Purpose of This Week's Euro-Summit?

By Giles Merritt

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to put a question to a witness without already knowing the answer, for politicians and diplomats it is never to leave negotiations to the summit itself.

It has been called to rally the forces of European union, but it risks compounding the crisis that has seized the Community.

Summits involving the Community's 12 leaders are unpredictable events. Prime ministers are often impatient with detail, even though EC issues tend to be complex and technocratic.

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Look Who's Sending High-Tech Dynamite to Iran

By Kenneth R. Timmerman

WASHINGTON — Once again, major companies in the United States, Europe and Japan are being a Third World dictatorship acquiring technology that can be used to develop weapons of mass destruction.

By Kenneth R. Timmerman

covered dozens of cases where U.S. technology with potential military applications was shipped to Iran.

This time the dictatorship is not Iraq but the Islamic Republic of Iran, whose leaders continue to assail America. Iran tops the U.S. State Department's list of terrorist countries.

Among the products shipped since the law was passed have been toxins and micro-organisms, centrifuges, machine tools, gas separation devices, gas chromatographs and mass spectrometers.

The subcommittee found that more than 230 companies had supplied Iran with technology and equipment that can be used for the manufacture of chemical, nuclear or biological weapons.

In the Raza and Dowling article, there is a surprising material bias and a disturbing political naivete in interpreting the success of gradualist reform in Asia.

They argue that many East European economies are faring poorly because of a "big bang" approach to economic transformation.

Both countries remain in the tight grip of an entrenched Communist Party opposed to rapid change.

That analysis is flawed in a number of ways. The most successful big bang experiment actually occurred in the Asia-Pacific region.

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By Giles Merritt

BRUSSELS — Brussels is to host a "special" summit of European Community leaders on Friday.

Rates Down, Bonds Up, And Then?

By Hobart Rosen

WASHINGTON — One of the truly stunning and unexpected economic events of the past year in America has been the precipitous decline in interest rates, especially long-term interest rates.

Not on present showings. The signs are that Friday's hurriedly convened meeting of EC heads of government is going to do more harm than good.

There is a certain amount of truth to this analysis. When interest rates on bonds go down, the price of the bonds goes up.

It has been called to rally the forces of European union, but it risks compounding the crisis that has seized the Community.

Perhaps far too much emphasis is laid on summits as a means of moving forward the Community's complex decision-making process.

The summit is being hosted by the Belgian government, which currently occupies the Community's revolving six-month presidency.

Today the Community faces very different challenges. The Maastricht treaty has moved Europe so much closer to economic, monetary and political union that it has provoked intense scrutiny and reappraisal of those goals.

Of late, that tag has changed. Officials now say that this week's meeting is a "celebratory" summit that will mark the entry into force of the Maastricht treaty.

Another way to look at what is happening is that the bond market's judgment that the price of bonds will continue to go up is in reality a highly pessimistic assessment about prospects for economic recovery.

It's a nice idea, but unlikely to fool anyone. The Maastricht treaty describes the destination the Community wants to reach but is definitely not a road map.

That is great for bondholders. But it also may mean that the bond market anticipates a major deflation, tantamount to a depression.

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Just Make Good Movies

One of the more colorful sub-fights to the huge GATT trade negotiation is the one being waged between American movie and television producers and their European counterparts.

the old issue that French intellectuals like to call "Coca-Colonization," the fact, irritating beyond measure to European governments, that American movies and television programs enjoy huge and continuing international popularity.

Despite the cultural hoopla, the driving issue here is financial. If the current "cultural exemption" to GATT is refused — the result that the U.S. entertainment industry is pushing hard for, with the Clinton administration's support — European Community countries would have to lift a variety of cultural protection mechanisms that they have created for their own products against the much larger and stubbornly successful American ones.

They argue that many East European economies are faring poorly because of a "big bang" approach to economic transformation.

Other Comment

If Europeans Want America

America has scaled back its commitment to European security as its refusal to get involved in Yugoslavia has shown.

By Christopher Lingle and Kurt Wickman

SINGAPORE — In assessing on this page the relative merits of economic reform policies in Asia and Europe, Pradumma B. Rana and J. Malcolm Dowling Jr., economists at the Asian Development Bank, serve up a variety of geographic generalizations that are selective and misleading.

International Herald Tribune advertisement listing staff members: KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER, RICHARD McCLEAN, JOHN VINOCCUR, etc.

Give the Bangs Time to Work in Eastern Europe

By Christopher Lingle and Kurt Wickman

SINGAPORE — In assessing on this page the relative merits of economic reform policies in Asia and Europe, Pradumma B. Rana and J. Malcolm Dowling Jr., economists at the Asian Development Bank, serve up a variety of geographic generalizations that are selective and misleading.

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ably short time they have built up capacity to export agricultural and industrial products to Western Europe.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Silver Repeal

NEW YORK — The bottom seems to have dropped out of the silver fight. The Southern Democrats, who, with the Republicans of the silver States, have been making a bitter fight against repeal, have decided that they can no longer stand out.

1943: Roads to Rome

AN ALLIED COMMAND POST IN ITALY — [From our New York edition:] Although the Allied Invasion of Italy was "a good, bold plan with excellent prospects, we're not moving as quickly as one would like," General Sir Harold R. L. G. Alexander, second in command to General Dwight D. Eisenhower, said today [Oct. 24] in an assessment of the campaign.

1918: Defensive Floods

WITH THE AMERICAN ARMIES — Fearful lest the flood of divisions they have sent pouring into the American sector between the Argonne and the Meuse will be unable to stop the Yanks, the Germans are preparing to back up the men by

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Handwritten Arabic text: 50 من الأصل

OPINION

Foreign Policy Is About the National Interest

By Henry Kissinger

NEW YORK — President Bill Clinton deserves support for his effort to disengage from Somalia, where the United States had no national interest and should never have become involved militarily. But his deeper challenge is to define a rationale for continued American engagement in regions where the U.S. national interest does compel it.

America was too nationalistic, but that its goals were too universal, not that it was too self-centered, but that it was too indiscriminating.

The fear of having a national foreign policy explains the administration's neglect of such traditional instruments of policy as existing alliances, and the scarcity of references in its statements

In designing foreign policy, no president since Truman has faced such an empty sheet. It took him four years to install a new doctrine for U.S. foreign policy.

to common interests with other countries — except to carry out an American agenda for such universal causes as human rights, nonproliferation and collective security.

Thus the president's appeal that America must find the "right course" for staying engaged in the world lacks any criteria for what this "right course" is. In their absence, we cannot judge the "unacceptable costs" that the president urges Americans to avoid.

The doctrine of collective security assumes that all nations perceive international problems in the same way and are prepared to run the same risks for vindicating their view.

The essence of the new world order is its fragmentation on a national and even ethnic basis. Universal causes, however, are hard to come by.

Even during the Cold War, when there existed a global threat, it was rare to find a common international consensus except for defending the center of Europe, and that task was policed by NATO, a traditional alliance, rather than by the United Nations. The oft-invoked Gulf War was less a multilateral action than an American action multilaterally supported by other states to gain an influence over U.S. decisions.

In situations like Somalia, meaningful "collective security" is all but impractical. The "right course" is to limit the extent to which many of the military forces sent there by other nations assiduously avoided combat.

The mistake in Somalia was not that a political police mission was abandoned for a military one, but that the Bush administration sent military forces without defining a goal permitting extrication.

The American military is not designed for humanitarian missions, and its difficulties were magnified when the Clinton administration's United Nations ambassador, Madeleine Albright, added "nation building" to its agenda.

The misery in Somalia was man-made; it was the product of exactly the kind of clan warfare in which the president has said that America should not meddle. I agree, but there was never a way of ending the humanitarian mission without either returning to the conditions which

had produced the need for it or ending in nation building. And nation building required the very warfare that Americans are now being told to abort.

Once a military conflict ends, the situation on the ground will determine the "political" outcome. If Somalia is a "political" solution, anything different from the status quo, it can be achieved only by military measure or at least the threat of it. In other words, debacle was inherent in the initial intervention, which was doomed from the start to end in Somali ethnic chaos and starvation, or in African involvement in a Somali civil war.

Administration arguments continually cite Cambodia as an example of a successful United Nations-led "political" solution. In Cambodia, however, the opposite point of view to other countries has been so exacting by military force that the parties had no choice but to accept the "political" solution.

It is ironic that an administration so determined to distinguish itself from the past seems in danger of repeating the same error of invoking general principles for all situations and all general cases — the labels of enlargement of democracy and multilateral initiative.

If it is, as President Clinton has said, that it is our job to rebuild Somalia — a society or its political structure — why does it follow in the same path as the United States would send military personnel to Haiti to rebuild the nation?

Warren Christopher Ought to Resign

By Frank McCloskey

The writer is a Democratic member of the House Foreign Affairs Committee.

WASHINGTON — As a loyal Democrat and supporter of Bill Clinton, I believe, with regret, that Secretary of State Warren Christopher should resign. He has severely damaged the national interest through failed leadership in difficult situations that have required a firm hand.

These crises, in the former Yugoslavia, Somalia, Russia and Haiti, are likely to worsen because of the administration's flawed policies.

Bosnia policy has been an utter failure. Mr. Christopher has vacillated and obfuscated the issue of Serbian aggression.

In early February, he defined our strong strategic interests in the region and stated that our response to the war would serve as a test case of how we handled ethnic and minority concerns throughout the world.

By June he was saying that America had no vital interests at stake and that our primary goal was to stop the killing.

The State Department has pressured the Bosnian parliament to accept a partition agreement that would entice Serbian aggression, dismember Bosnia and lead to officially sanctioned "ethnic cleansing" and more fighting.

Mr. Christopher steadfastly refused to describe atrocities by Bosnian Serbs as genocide. Why? More than 200,000 Bosnians have been killed, and half of all the remaining Bosnians have been driven into exile. More than 380,000 people are in the 18th month of the Sarajevo siege, but Mr. Christopher will not describe this situation as terrorism.

strategic interest. But as his elastic views on what is in America's interest show, the use of "strategic" can really only refer to President Clinton's short-term domestic political interests.

So, while it may have been fair in February for the administration to suggest that it inherited the crisis in Bosnia, repeating this claim now and adding Somalia and Haiti suggest an expedient denial of responsibility.

America's allies do not see Mr. Christopher as effective internationally or as an adequate protector of U.S. interests. Largely because of his tacit acceptance of Serbian genocide, they do not see him as a spokesman of American values. Our allies are right, and this lack of respect can be seen in our own Congress — on both sides of the aisle.

In a recent editorial, The Economist called Mr. Christopher "the weakest link in Mr. Clinton's trio of foreign policy advisers." It said: "It is not too late in bringing in a genuine enthusiast for foreign policy and one who understands, in the most hardheaded way, how the world works. The ideal candidate would be prepared to work out and articulate, not occasionally but regularly and forcefully, how America's principles apply to a given problem, where its interests in the matter lie, and how far it will go to defend them."

Mr. Christopher has distinguished himself in other spheres, but if he continues on his present course he will do further damage to the security and national interests of the United States.

The New York Times

LETTERS TO THE EDITOR

Overmanaging the News

In response to "A Guide to Deliberative Democracy" (Oct. 6) by Jim Hoagland:

Can it be that the bloody mess in Somalia is really being kicked around the White House as a mere failure of news management?

In fact it has been the success of the news managers, who demonized Mohammed Farrah Aidid all too well, which has helped to sink America so deeply in Somalia. Their "defining" of General Aidid makes it seem a major policy failure to negotiate with him, which is what must be done.

JOHN HABERSTROH, Jakarta.

Keeping the Troops Safe

In response to "Dole Challenges Clinton Power to Send Troops" (Oct. 18) by Thomas L. Friedman:

After the recent deaths of 18 American soldiers in Somalia, Senator Bob Dole contends — presumably because he thinks that most Americans agree —

that democracy in Haiti is not worth the risk of a single American life. Strange to say, Americans seem to accept as a matter of course — indeed, as practically a constitutional right — that thousands of their fellow civilians should be shot dead at home every year. But if an American soldier, a volunteer who is paid expressly to kill and risk being killed, dies abroad while doing his job, both public opinion and politicians now seem to find this heretofore accepted aspect of soldiering totally unacceptable.

JOHN V. WHITBECK, Paris.

A Clinton Doctrine

The world is too small, too dangerous and too interdependent to allow sovereignty to dominate sanity. Hence this rough draft of a proposed Clinton Doctrine: When a nation-state, large or small, becomes unable to manage its own affairs without being a danger to itself or others, then its affairs both internal and external will be assumed by

an appropriate international organization until such time as the people of said national state again become again capable of self-government.

Dangerous incompetence accompanied by dangerous behavior can occur anywhere, anytime, mechanisms must be in place to assume guardianship of nation-states both large and small. All nations must make financial guarantees, subject to confiscation if and when they become incapable of managing their own affairs.

An international police force will be required to enforce generally accepted standards of conduct.

JOHN H. PFLAUM, Milwaukee.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

AN AUTOBIOGRAPHY

By Richard Avedon. Unpagged. \$100. Random House.

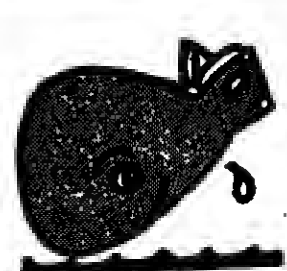
Reviewed by Margo Jefferson

FASHION photography isn't just about styles in dress, it's about styles in manners, art, attitudes and social causes. Richard Avedon has been a great fashion photographer, and he remains an influential one.

To call these pictures an autobiography is to make fashion a form of confession and self-examination. Our taste in anything is a form of confession if not necessarily self-examination. Could this be what Oscar Wilde meant when he wrote: "It is only the superficial qualities that last. Man's deeper nature is soon found out."

In a brief introduction (there is no other text), Avedon describes his grand themes as the illusion of laughter, the illusion of power and the loss of all illusions.

William Kennedy, author of the Pulitzer Prize-winning novel "Ironweed" and most recently "Very Old Bones," is reading Herman Melville's "Moby Dick." "I just decided it was time to read 'Moby Dick' again. There's a new edition with great illustrations by Barry Moser out of the University of California. It's like a little work of art in a read the book." (Amy Hollowell, IHT)



more interested in their persons than in being photographed by Avedon. And he thrives on that. In 1963, Rudolf Nureyev looked beautiful, volatile and slightly feral: Nijinsky in the land of James Dean, the grand models, Dovima and China Maebado, display towers of hair, hyperextended fingernails and armored gazes, as if to show that models are as much in the business of female impersonation as drug queens.

Avedon's foreword says that his photo pairings are "meant to be driven by their own eccentric logic," and at first this logic offers real pleasures. A white-haired Willem de Kooning compels the camera by his forthright gaze. He knows he is an important painter. Across the page a brown-skinned man sits in front of a shoe store on Lenox Avenue, legs nonchalantly crossed, exposing one calf. He too knows how to compel us with self-sufficient stillness.

Sometimes design and nothing else seems to link two pictures. Sometimes a contrast we would see as sociological becomes a matter of pure form and design.

But all too soon the curse of profound thematic contrast falls across these images. Behold the fragile, teardrop-shaped, playing solitaire and the pieties of a New Orleans debutante ball; then a row of skeletons; then the fragile hopes of Germanics, wrinkles, mouths and teeth citizens at the Brandenburger Gate; then a row of skeletons; then a row of skeletons.

Everyone is photographed in a less-than-close-up, facing the camera against a background bleached white as it can get. Page after page they stand before us: I am a fur and wasted writer. I am an orb and wasted drifter. I am a mad in a state hospital. I am a mad performer with the reputation once used to make ladies' eyes and handbags. I represent th-

dence of power represent the decadence of piety. There might as well an off-camera voice intoning: "This is a ship of fools."

You can get satisfaction out of seeing a pianist or a celebrity you dislike lashed in this way. But it lasts a moment and it doesn't interest. So you find yourself playing a game: you devise these complicated readings for each image and pairing.

But by the time you come to a scar-coy victim of a napalm bombing clearly had nowhere to run, and beside a fabric-covered in graceful flight, it is too in a game to be worth playing.

By end, I was rooting for anyone who managed to escape without self-determination in it.

Genet keeps walking in his pips, and offers only an expressive profile. Any man who believes as a thief and prostitute is guided in as a major writer has a tougher interrogations than

oster Keaton was photographed in 1952, after years of debt, playing solitaire and sitting out in front of his television tangle ball; then a row of skeletons; then the fragile hopes of Germanics, wrinkles, mouths and teeth citizens at the Brandenburger Gate; then a row of skeletons.

If this picture had a caption, it might read, "The Abyss Stares Back."

Margo Jefferson is on the staff of The New York Times.

BRIDGE

By Alan Truscott

IN THE Von Zedwitz Double Knockout Teams, organized by the Greater New York Bridge Association, a team consisting of Jeanette and Albert Rahmey, Alan Sontag, Win Allegaert, Simon Sztanowski and Michael Prahrt might see a higher-ranked squad, in the first semifinal. They won by 45 imps against Edgar Kaplan, Judi Radin, Michael Rahmey, Michael Koppera, Brian Gubok and Nick Nickell.

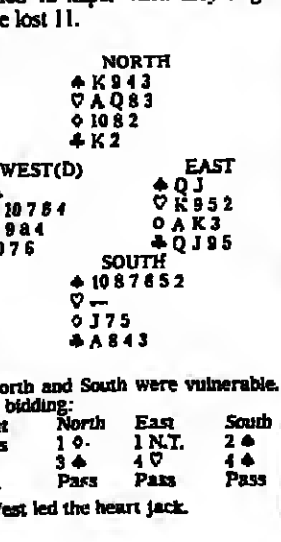
The match was virtually decided by the opening lead against two doubled four-spade contracts reached by the Rahmey team but not reached by the Kaplan team. In one of the two deals, an inspired underlead of the ace of partner's suit would have provided crucial entry, gaining 9 imps instead of

losing 12. The other is shown in the diagram.

West made a normal lead against four spades, and Sontag as South quick with the heart ace and did of a diamond loser. Later, West trump trick and diamond tricks, scoring 790. Best might have been inspired at a diamond, guided by partner's one no-trump overall. King some diamond strength, lead the spade ace, allowing West to lead a penalty of 500. West's last diamond can easily be led to promote a trump for East.

In the replay, South were shut out of the lead when Sztanowski and Prahrt used a Multi-ducking with the West hand and four hearts

down one. So the Rahmey team gained 12 imps, when they might have lost 11.



Advertisement for BEYOND 2000, featuring a large graphic of an eye and text: '20/20 Foresight or 20/20 Hindsight? Your choice.' It lists various endorsements and provides contact information for Bain & Company and Lotus.

French Nation
 seized in Algeria
 As unrest Persis

World Travel



GLAMOUR IS THE NAME OF THE GAME

Already familiar with the global village, we now see the rise of the global travel shopper. The tax-free industry's vendors and retailers are preparing for a major trading revolution, with impending tax and duty changes - notably in Europe (where duties are scheduled to be abolished in 1999) and some other parts of the world.

Last year, airports, ferry boats, cruise liners, border stores and downtown duty-free shops chalked up a \$14 billion turnover - \$1 billion more than in 1991. The once-familiar duty-free shop with dusty shelves and stony-faced staff is a thing of the past. Today's age of the specialist shop, the airport "super store" and fashionable boutiques that tempt the global traveler to use his or her credit card as often as possible in the shortest time. There is often background music and climate control to lull the shopper's senses.

"The international duty-free business is one of the most dynamic and resilient markets in the world," say the organizers of the Tax-Free World Exhibition, which takes place in Cannes on Oct. 25. Sales growth has been spectacular over the past decade, with successive 10-percent annual increases.

"The industry has now fully recovered from the effects of the Gulf War two years ago, although the recession in the United States and Continental Europe and an economic downturn in Japan continue to exert downward pressure on consumer spending in 1993," says a TFWE organizer. Nevertheless, there has been impressive sales growth of more than 6 percent in the four continents of Europe, Asia/Oceania, the Americas and Africa. This bodes well for the future, although European Community competition may prove to be the exception. Sales at the three principal duty-free centers in the Gulf are this year expected to make a full recovery and top more than \$223 million.

Many in the industry are keeping a

close watch on China, which could have the biggest of all tax-free explosions. "Once direct flights open between China and Taiwan, we shall see tremendous opportunities," says Doug Newhouse, senior editor of Duty Free News International. Already, the China National Duty-Free Merchandising Corporation has 84 shops at border crossings, airports and sea ports. These shops generate \$168 million worth of business, and this is just a beginning.

The new focus of attention is the Asia/Pacific Rim region, rather than the emerging countries of Eastern Europe and the former Soviet Union. The International Air Transport Association estimates that growth in the Asia/Pacific region will generate 35.8 percent of all the world's scheduled international traffic in 1995. This will rise to 39.2 percent in the year 2000 and 51.2 percent in 2010, which will be equivalent to 375 million passengers.

Last year, duty-free sales in Asia/Pacific rose from \$4 billion to \$4.3 billion; this represents a 1-percent increase in market share, which stands at 27 percent. Europe's market share fell 0.1 percent, with sales of \$8.3 billion, representing just over 52 percent of the total global market. The Americas' market share was also down 0.1 percent, to \$3.1 billion (20 percent of market share).

Sales of wines and spirits, which continue to be the top seller at all duty-free shops, were up from \$4.2 billion in 1991 to \$4.4 billion last year, accounting for 27.9 percent of all sales. This was followed by perfumes and cosmetics, with sales of \$3.9 billion representing a 0.2 percent increase in market share, to 24.4 percent. Tobacco-goods sales of \$2.2 billion showed a 0.6 percent increase in market share, to 14.1 percent.

According to Generation Publications, the five top-selling product categories in 1992 were the following: cigarettes, with \$1.96 billion in sales, or an increase of 0.6 percent over

SHOPPING

1991, representing 12.3 percent of market share; women's fragrances (\$1.76 billion, down by 0.1 percent, 11-percent market share); Scotch whisky (\$1.31 billion, down by 0.1 percent, 8.2-percent market share); women's cosmetics and toiletries (\$1.3 billion, up by 0.2 percent, 8.2-percent market share); and cognac (\$1.2 billion, down by 0.3 percent, 7.5-percent market share).

Looking back at the most significant changes in duty-free sales over the past five years, TFWE President Jacky Paquet says: "I think there was a break caused by the Gulf War. Before then, the development of duty free was important in Asia, and it was important to upscale Asian customers. After the Gulf War, we noticed a strong reduction in sales to the Japanese. Development stopped, and it is just starting again in Asia."

The industry is not without its problems in Europe, where sales have fallen since the introduction of vendor control at the start of the year. Duty-free allowances are being strictly controlled, but the most disastrous measure has been the enforcement of an allowance of 45 European Currency Units, equivalent to about \$54, on

goods other than liquor, wines and tobacco. Peter Wenban, a leading London-based international tax-free business consultant, says EC governments are stringently enforcing this measure, making sure that vendors keep to the rules and do not sell goods worth more than 45 Ecus. "The retailers feel not enough has been done to pressure the EC into getting the allowances raised, perhaps to \$108, which would certainly help. In the developing world, the allowance is about \$180."

Bruce Goddard, secretary general of Britain's Duty Free Confederation, agrees. He hopes that the meeting of European finance ministers on Oct. 25 will fix the new allowance at 90 Ecus (\$108). "This will be of enormous relief for the industry in terms

Continued on page 9

THE RISING STARS OF THE MIDDLE EAST

The Middle East's airport duty-free shopping complexes are among the most modern and diverse in the world. From Abu Dhabi and Bahrain to Dubai and Sharjah, international travelers are offered a wide range of top-quality goods at highly competitive prices.

These duty-free centers stand in sharp contrast to the traditional Arab souks, which still abound in the Middle East. The souks range from the huge open-air one on the edge of Kuwait City, covering more than half a square mile, to the great iron-roofed Souk al Hamadiyah in Damascus. The souks are facing competition, however, from the ultramodern shopping malls and duty-free shops in many of the Gulf states, which offer Western goods at bargain prices. These include the airport duty-free shopping complexes at Abu Dhabi, Bahrain, Dubai and Sharjah; soon to be added to the list are Beirut, Kuwait, Tehran and the two Gulf islands of Kish and Qeshm. Sales at the four main Gulf airport duty-free shops are expected to exceed \$250 million by the end of the year.

Tourists are once again returning in increasing numbers to many parts of the Middle East, which is entering a new era of stability and calm. The beneficiaries are not only the traditional countries like Jordan, Syria, Israel and Egypt, attractive for their heritage and cultural attractions, but also the rich Gulf states. These are now fast becoming leisure centers in their own right, offering all kinds of recreational facilities - from swimming and snorkeling to desert safaris and major sporting events. These

include such happenings as next year's Dubai tennis championships (with \$1 million in prize money) to powerboat racing and chess and snooker tournaments. Half-a-dozen major and internationally operated hotels are opening, or have opened, this year in the Gulf.

Ten years ago, Dubai's Civil Aviation Department head - an aspiring young technocrat named Mohi-Din Binhend - was impressed by what he had seen in Shannon Airport, Ireland. He called in a consultancy team from the Irish group, AerRianta International, headed by Colm McLoughlin, to set up a new duty-free shopping complex in Dubai. Mr. McLoughlin stayed on with two members of the team, who became known as the "Irish Trinity." During the first year of operation, Dubai had a turnover of \$20 million.

"This year, we expect to make \$142 million by the end of December, which is a 10-percent increase over 1992. We expect a steady increase in turnover," says Mr. McLoughlin, whose international award-winning operation has changed the face of duty-free shopping in the Middle East. Other states - like Abu Dhabi, Bahrain and now Kuwait - have followed suit and realized the importance of an attractive shopping operation. This not only helps produce revenues but can also be used as an international marketing tool to encourage tourism and worldwide recognition. The number of passengers using Dubai airport is now 5.4 million a year.

Promotion is very much a top prior-

Continued on page 9

Views on Evolution, Not Revolution

The world of duty-free shopping is changing, according to several members of the management committee of the Tax Free World Exhibition. "We are seeing a shift to travel shopping rather than duty free," says Jacky Paquet, president of TFWE and an executive at Remy Martin.

In light of the changes, the TFWE management committee has formed a new task force, chaired by Marc Demazel of Cartier. The group, which had its first meeting this month, is studying the future evolution of TFWE. "The idea is not revolution, but the development of an association that will benefit all its members," says Mr. Demazel.

Duty free is coming to mean strong brands with strong images. Mr. Demazel continues: "We need to treat the customer differently, give him or her competence and quality in attractive surroundings with good service. We are competing on more than just price."

Mr. Paquet says that the organization of the duty-free business and the way suppliers are selling have changed. Service is improving. There is more selling space with bigger areas, more corners and specialty shops (boutiques with controlled environments), just as in department stores. More and more airports, such as Heathrow and Amsterdam, offer veritable shopping centers.

As the environment improves, so does the quality of the product offered. "There is an undeniable 'shop-window effect' to duty-free outlets," says Kim Darton, vice president of finance for TFWE and an executive with J & B. "even if the sales themselves are not as profitable as in one domestic market."

Both he and Nestlé executive James Berggren describe the classic duty-free shopper as "a captive audience, pred, a businessperson with some leftover local currency, etc." Competition, especially in recent years, has nevertheless made duty free a increasingly "pleasant and interesting shopping experience, with more competition for the buyer's attention."

Ségolène Verdillon of Hermès agrees: "The world of travelers continues its evolution and becomes more important every year in terms of passengers, destinations and also services," she says. The Asian market is increasingly significant, many management committee members point out, in spite of Japan's current economic downturn. The Four Little Tigers of the Far East are giving, and China is a long-term prospect that bears watching.

South America is an increasingly important participant in the duty-free industry, note Mr. Demazel and Ms. Verdillon, while North America will become so as it organizes itself to provide better service to its customers.

Eastern Europe is still at an early stage of development. Even in that region, however, some bright spots exist. Thom Rankin of Duty Free Electronics reports that duty-free outlets at Russian military bases in Eastern Germany are selling heavily all manner of household goods, including kitchen equipment such as blenders and mixers, and white and brown appliances.

This pattern, he predicts, will continue through the end of this year. The soldiers, he says, "are buying things they would have to wait years for at home, even if they do not always have homes in which to put them."

The future of duty free, however, does not lie in basics at a competitive price, although those certainly drive tax-free sales in certain categories of products and regions of the world. Mr. Berggren points out that in Dubai, for example, his company's well-known instant milk powder product NIDO "is selling like crazy. People are buying it in five- and 10-kilo packages. It is very popular, and the price difference is significant to the customers." These buyers include guest workers in the Middle East. Price differential also accounts for Nestlé coffee sales in Turkish border shops, as there is a duty of 100 percent on coffee in that country.

Nevertheless, duty free may well evolve into an ever-expanding concept of premium products with intrinsic value - luxury for the 1990s. Mr. Demazel notes that "luxury goods will never stop. Today they represent something more than 'luxury because it is expensive.' True luxury is an investment: you touch it, look at it, keep it. It has intrinsic value. The market is moving back to more realistic expectations of what luxury goods are - not simply high price."

Mr. Paquet adds that "the luxury-goods area will remain even if the turnover does not grow as fast these days as in the past. Perhaps there is less snobism and more interest in inherent product quality - in what is 'genuine.' True luxury is an expression of tradition and improves the quality of life overall."

Claudia Flisi



Marc Demazel: "We are competing on more than just price."



Jacky Paquet of Remy Martin: "True luxury is an expression of tradition."



James Berggren: "Competition has made duty-free more interesting."



Thom Rankin of Duty Free Electronics.

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This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Heidi Ellison is a free-lance writer and editor based in Paris. Claudia B. Flisi is a freelance journalist based in Milan. Michael Frenchman is a free-lance journalist based in Britain who often writes about the Middle East.

TRADITIONAL FAVORITES: WHEN EVERYTHING OLD IS NEW AGAIN

In a year marked by recession, exchange-rate volatility and political instability in several regions of the world, the old stalwarts of duty-free shopping more than held their own. Cigarette sales went up, cosmetics and fashion did not lose ground and several other categories, including liquor, showed increased sales even while market share declined.

WINES AND SPIRITS

Sales of alcoholic beverages, from bottled beer to cognac in cut-glass decanters, represented almost 28 percent of world duty-free sales in 1992 and reached about 50 percent of such sales in Europe. Although its market share has been declining over the past several years, liquor still represents the largest product category in duty-free shopping, accounting for almost \$4.5 billion in sales last year.

At Cannes, Mateus Wineries is introducing "Mateus Signature," a couple of red and white wines packaged to celebrate the company's 50th anniversary. Equally celebratory is William Grant's 21-year-old whisky, winner of a trophy for the best blended Scotch whisky in the 1992 International Wine and Spirit Competition.

Kronenbourg's one-liter mini-keg of beer is on display at Cannes, part of its complete product range, being shown for the first time.

Bailey's Original Irish Cream created the category of "cream" beverages, which is one of liquor's growth segments, increasing at the rate of about 5 percent a year. Bailey's own sales also represent a success story for parent company Justerini & Brooks. Other new temptations in this special segment of the liquor market include Teacher's Royal Highland Cream; Amadeus Liquor, an almond-orange drink in a ball-shaped bottle; Konig's Capucine, a coffee-cream liqueur; and Amanda, a light Dutch cream cocktail by Underberg.

Boisset is launching its 1822 Morin Liqueurs at Cannes. These 18 flavors of crèmes and liqueurs will be displayed in simple, elegant packaging. Massenz will feature a ginger cream liqueur, as well as a prestige raspberry brandy with a single raspberry blown inside the bottle.



TOBACCO

Cigarette sales have long been a mainstay of duty-free outlets and remain so in spite of the decline in smoking in the industrialized world. Duty-free tobacco sales were worth almost \$2.5 billion in 1992, showing a slight increase over the previous year. Cigarettes themselves are the top-selling product in duty-free shopping, equal to more than \$1.9 billion last year.

Davidoff is the king of cigars, in both duty-free and domestic markets, and its sales of best-selling Mini Cigarillos continue to grow at a steady pace. Although the company is not introducing any new products at Cannes, its recently launched Davidoff Special "T" will probably find its way into duty-free outlets next year.

General Cigar Co. will be exhibiting its wares for the first time in 13 years. It will be showing off its full range of products, including Macanudo, Garcia y Vega, White Owl and Robert Burns.

COSMETICS

Fragrances and cosmetics are the second most important category in duty free, accounting for almost one-fourth of all sales in 1992, equivalent to almost \$4 billion. Women's fragrances are the number-two product overall, with cosmetics number four, and men's fragrance and toiletries number six. In spite of the recession, this category registered a slight increase over 1991. The products on display in Cannes show that world shoppers today are looking for intrinsic value even in their indulgences.

Must II de Cartier, a floral fragrance being launched at Cannes, reflects this attitude. Must II is natural and simple, yet clever and romantic, an appropriate continuation of Cartier's tradition in perfumes. Tradition also echoes in the new leather-covered refillable perfume spray by Hermès, available in any of the company's three fragrances: Calèche, Amazone and Parfum d'Hermès.

Etienné Aigner is introducing a new fragrance concept with its XI line. Each of the four scents represents one

of the four elements: earth ("harmony of the senses"), air ("wings of feeling"), fire ("the magic of passion") and water ("rhythm of the soul"). Customers are invited to take a psychological test to determine the element best suited to their nature.

Samba Nova Homme, a male fragrance being introduced into the duty-free market this month, is an extension of the Perfumer's Workshop legacy. With a natural terra-cotta bottle, simple packaging and a fresh, warm scent, it has already made a successful debut in the environmentally sensitive German market. Sublime, a new men's fragrance by prestige perfumer Jean Patou, also makes its debut at Cannes.

Shoppers can smell like a tennis player if they like (before the game, not after!) with fragrances named after Sweden's Bjorn Borg, Italy's Sergio Tacchini or Argentina's Gabriela Sabatini. Or they can glitter like precious jewels, thanks to new additions to the Elizabeth Taylor collection of fragrances by Elizabeth Arden: Diamonds and Sapphires, Diamonds and Rubies, and Diamonds and Emeralds. Men can also embellish themselves with movie-star allure, with the Omar Sharif Pour Homme line.

Among the unusual skin-care products to be found at Cannes are those based on Tenuiflora, the bark of a Mexican tree used by the Mayans to speed up the healing of wounds. These are being offered by Edouard Pinaud, a cosmetics company owned since 1830 by independent perfumers.

FASHION

Leather goods, accessories, fashion and clothing together accounted for \$1.66 billion in duty-free sales in 1992. This year, discriminating shoppers can embark on an Yves Saint-Laurent "Odyssée" with this French designer's new collection of luxury leather goods on display at Cannes.

The universally recognized quality of Aquascutum leather will be even more evident with a new embossed logo adorning the small leather-goods

and new handbag collection being shown this year. In addition, the company is introducing clothing designed specifically for the demanding duty-free market.

Colorful contemporary designer Christian Lacroix presents a line of panty hose and stockings for women, as well as a new line of twill and Jacquard ties, featuring Provençal themes, for men.

French leather-maker François Marot is showing two new handbag collections for the discerning traveler: a sporty canvas range for the younger woman and a dozen elegant handbags in a brand new leather called "Crispa."



FRENCH LEATHER

JEWELRY AND WATCHES

More than a billion dollar's worth of watches and jewelry was sold last year in duty-free outlets. One successful product was the 6,000 series by leading Swiss watchmaker TAG Heuer. This year, the company is launching the S/EI leather series and the 6,000 chronometer at Cannes. The latter marks a new step for the company — the first time it will offer a chronometer in a steel/gold version to

and price tag of fine jewelry, as do some of the models being shown in duty-free shops; these products accounted for \$180 million in sales last year. A new exhibitor to IFWE 1993 is Italy's Omnia. This 30-year-old company will be displaying the Almirante, a 55-million lire (\$30,000) pen destined for only 30 affluent individuals in the world.

It boasts an 18-carat gold finish adorned with commemorations of the 50th anniversary of the discovery of America, handcrafted by the famous French goldsmith Lefebvre.

Waterman's new luxury fountain pen, the Edson, has a solid 18-carat gold nib, but its main claim to fame is its mechanical perfection: it will not leak, even at the high altitudes reached by airborne business travelers. Its \$600 price tag may be weighed against the savings from fewer decontaminating bills due to ink-stained shirts.

Montblanc, the prestige name in writing instruments, introduces anew Limited Edition pen each year. For 1993, this collectible is named the Agatha Christie, and it is characterized by a sterling-silver serpentclip on a black body. For the Asian market, this same pen sports a dragonclip instead of the serpent, given the dragon's significance as a symbol of bravely beneficence and good fortune.

compete in the most privileged segment of the sports-watch category.

The Amsterdam Diamond Center has designed a new collection of 14- and 18-carat gold jewelry with diamonds and/or other precious stones, designed specifically for the duty-free market.

Yves Saint-Laurent is presenting three watch concepts: the colorful Shéhérazade collection, the elegant mini Boétie and the sports-minded Tournon.

WRITING INSTRUMENTS

When is a pen not a pencil that smears when you write? When it takes on the appearance, finishings



MONTBLANC

A PANOPLY OF LUXURY AT TAX-FREE WORLD EXPO

The tax-free industry's biggest shop window opens in Cannes, France on Oct. 25-29 with the largest display ever of goods and new product launches for travelers on the move. More than 5,000 visitors from 130 countries are expected to attend the Tax Free World Exhibition and conference, which is organized by the Association of IFWE, representing suppliers to the industry. Last year, it had a global turnover of more than \$16 billion. Now in its ninth year, TFWE represents

a panoply of luxury and premium brand goods, ranging from exquisite Liechtenstein silver crystal to the finest Cuban cigars and specially aged Scotch whisky. From the original core displays of liquor, tobacco and fragrances, the exhibition now spans fashion, accessories, jewelry, watches, gifts, food and confectionery. At this year's conference, which precedes the exhibition at the Palais des Festivals et des Congrès, the theme will be emerging markets and markets for the duty- and tax-free

industry. Robert Hawke, the prime minister of Australia, is giving the keynote address on "Interdependence of the Pacific Rim, the United States and Europe." Georges Berthoin, who was co-chairman of the Trilateral Commission until last year, will talk about economic trends in developing markets. He will feature a special case study on China and the surrounding region, regarded by the tax-free industry as one of the most significant new markets. M.F.

IS AIRPORT STRESS A BOON FOR SALES?

What possessed you to buy that electronic chess game in the duty-free shop when you barely know how to play the game and don't have time for it anyway? The culprit may have been airport stress.

According to Dr. Philippe Bargain, director of medical services at Charles-de-Gaulle Airport in Paris, passengers awaiting a flight are thinking not of their immediate surroundings, but of their upcoming ascension into the sky. Anticipation of this unnatural act provokes "intense, irrational emotions," which may include contradictory feelings of exaltation and anxiety.

The exaltation originates in the sensation of escaping from ordinary life, of the possibility of reaching a far-away destination in a short period of time. The anxiety stems from the dependence on a machine, on forces that the individual cannot control — the feeling that one is breaking the laws of nature by attempting to fly and risking one's life in the process. The tension the departing passenger experiences is sometimes exacerbated by long lines at check-in counters and delays in take-off.

According to Dr. Bargain's study "The Psychopathology of Airports," one out of four passengers admits to being afraid of flying. Since Charles-de-Gaulle Airport handles 22 million passengers per year, that makes for a lot of frightened and anxiety-stricken people running around the airport. Luckily, Dr. Bargain and his medical team are on hand to care for the really serious fear-of-flying cases.

Less seriously afflicted passengers must find ways of dealing with the

stress their sojourn in the airport occasions. In the mini-cities that are modern airports, there are two primary ways of spending time while waiting for an airplane: eating or shopping.

Since airport cuisine is not generally known for its excellence or low prices, the more appealing option for many is shopping. And duty-free prices make it even more attractive.

Most passengers arrive at the airport at least one hour ahead of time. Once accepted as a bona-fide passenger by the airline, the passenger is presented

during the wait for the plane. Since this is generally empty time, with no further obligations to fulfill until the airplane takes off, fliers can indulge their shopping whims conveniently and without guilt, whether they're buying a gift for a special love or satisfying a desire for a useful gadget like a camera or a less necessary one like an electronic game.

All such purchases can be justified as bargains, reducing even further the guilt that often goes hand-in-hand with spending.

Studies of shopping patterns at Aéroports de Paris have shown that sales are split right down the middle between gift purchases and personal purchases.

The top-selling item is perfume, which accounted for 26 percent of duty-free sales in 1991. Tobacco takes second place, with 15 percent of sales, followed by alcohol (13 percent), leather goods (12 percent), food (8 percent), photo and hi-fi equipment (7 percent) and jewelry (5 percent).

Of course, this does not mean that airport stress is the sole cause of duty-free shopping. That exaltation mentioned by Dr. Bargain may also have something to do with it. Giddy with excitement at the prospect of flying off to an exotic destination or to see loved ones, some happy travelers try to get carried away with their gift purchases or indulge themselves with a bottle of perfume or box of chocolates. Or there may be more mundane reasons for buying: a good price on something one stocks up on regularly — a carton of cigarettes or bottle of whiskey, for example.

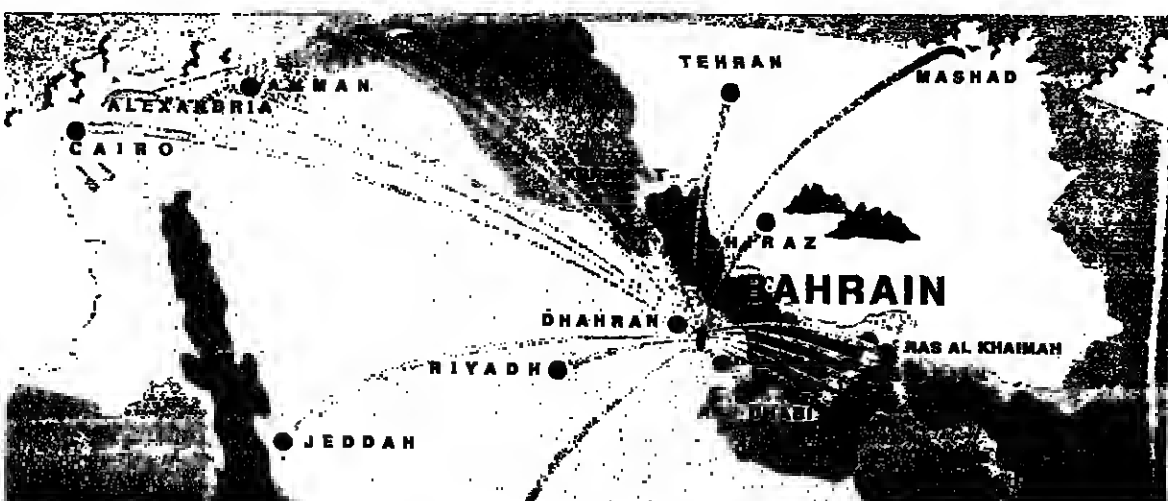
Heidi Elton

TWO SHOPPERS IN THREE ARE BUSINESSMEN

with a boarding pass — the magic wand that opens the doors to the duty-free boutiques. Shopping is a way to pass the time, but it is also a way of distracting oneself from the attendant anxiety of flying. In addition, it is a way to reward oneself for having survived the formalities and hassles of check-in. Those who have not had the time or the inclination to buy a gift for those they are flying off to visit can now assuage their guilt by choosing from a wide range of gift items, from the most expensive watch or perfume down to the silliest T-shirt or souvenir of the place of departure.

Airport shopping is not a compulsive behavior peculiar to women. Studies show that three out of four fliers are men, and two shoppers in three are male business travelers. They too are captives of the airport

Bahrain International Airport,



for business it's the centre of the Gulf,



for businessmen it's the centre for shopping.

Why fly to anywhere in the Middle East, when you can fly to its centre.

Go via Bahrain International Airport, the flight centre of the region offering quick and convenient connections.

A modern airport, built with the business traveller in mind, with comfortable lounges, efficient baggage handling and a Duty Free

shop that's the envy of the world. A relaxed shopping mall, where you'll discover a vast range of top quality items at prices that are amongst the lowest in the world.

Next time you're going to the Middle East, fly via Bahrain. The flight centre of the Middle East.



International Travel Retailing New Technology — New Tactics

London, March 9, 1994

The 4th International Travel Retailing seminar, co-sponsored by the International Herald Tribune and Peter R. Wenban & Associates, will take as its theme: "New Technology — New Tactics."

The program will look at the new developments taking place in travel retailing. Issues under discussion will include: an assessment of the first year of vendor control, the shaping of the new Hong Kong airport, cross-Channel ferries versus Eurotunnel and the potential of inter-active shopping.

For full program details, please contact:
Jane Benney, International Herald Tribune, 63 Long Acre, London WC2E 9JH
Tel: (44 71) 836 4802. Fax: (44 71) 836 0717

Herald Tribune

MORE TEMPTATIONS FOR THE SHOPPER

With both liquor and tobacco consumption declining, today's demanding world traveler needs other compelling reasons to spend time in the duty-free section of an airport, ferry or other outlet. The tax-free industry has enlarged accordingly.

The fastest-growing sectors in duty free these days are in unexpected categories — unusual gifts, children's items, electronic gadgets and sybaritic additions for chocoholics, among others.

The following descriptions, culled in part from Duty Free News International and Frontier, show the range of new products offered by duty-free shops today.

GIFTS AND ELECTRONICS

Philips will be displaying its new portable model of the digital compact cassette player, the DCC 130. Experts predict enthusiastic acceptance of this item, as well as a surge in cellular phone sales as international standards are implemented.

Among Braun's new products are the Flex Control shaver, a battery-operated beard-trimmer, two clocks and several hair dryers, including one that adds body to hair without tangling. Swarovski Silver Crystal will be adding a number of figurines to its cut-crystal collection of gifts available to duty-free buyers.

There are horses, geese and bears for animal lovers, a rose for romantics and a new addition to "Silver Crystal City."

Renowned French glass-maker Lalique also has a perfume, plus scarves, shawls, crystal jewelry and small crystal animals.

The perfume will be available in a new Flacon Collection, which is being

launched at the trade fair in Cannes.

CHILDREN'S TREATS

Although toys are an impulse item, the category has fared well in this recessionary climate.

Russ Berrie, the toy company that brought the Trolls back to life, is introducing more than 50 new styles of Trolls to tax-free outlets. Impulse buyers can purchase Trolls dressed in national costumes from Australia, India, Canada, Italy, Scotland, Wales and Arabia this year. The company will also launch a line of plush dinosaurs and a wildlife collection.

World-famous Legos will be making their duty-free debut this year, and the children of traveling parents will doubtless become the delighted beneficiaries.



Other famous names include Babar and Celeste, the French elephants, now appearing as fragrances for children. Rest assured that they do not make kids smell like elephants!

New designs for Bentley's Confectionery include Sophie the Mouse and Alice in Wonderland tins, as well as a collection of Fabergé Egg Tins filled with mini chocolate eggs.

Many of Bentley's offerings are exclusive to the duty-free market. There are model-car sets by Lledo, designed especially for in-flight sales. While on board, children might also enjoy Aerocockpit, an electronic game mounted in the interior of a model cockpit.

CONFECTIONS AND CHOCOLATES

Belgian chocolatier Neuhaus offers a selection called "The Opera Collection" in honor of the operating wife of company founder Jean Neuhaus.

The four boxes, filled with pralines or liquor-flavored chocolates, are named for her favorite operas.

Swiss chocolate-maker Lindt will be launching three new products at Cannes: Pistachio Gems (whole roasted pistachio nuts in a crunchy white

filling, covered with Swiss milk chocolate); Piccolino Pralines (for pint-sized gourmands); and Lindor (the company's single most successful brand), now available in a duty-free gift pack.

Belgium Chocolaterie Guylian will present three new packages of its exquisite chocolate seashells: a souvenir box, a decorated tin and an anniversary collection of praline-filled temptations.

Italy's upscale Baci chocolates have been packaged in Umbrian-style blue and yellow jars, so attractive that they almost vie with jewelry as a special gift.

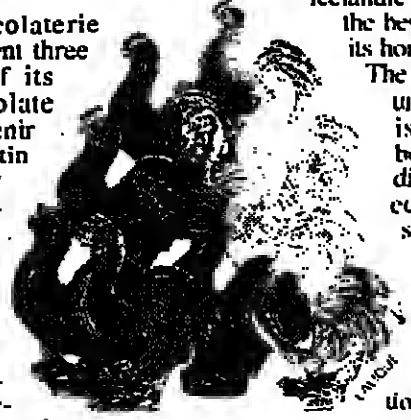
Nestlé will be featuring Destinations, a box of Swiss chocolates packaged with the theme of the World Cup, showing all the countries that will be competing and all the places where the World Cup is played. The company claims to be the first

to tie a gift item like this to a major international sporting event.

Food
An Icelandic delicacy, Arctic Prince Icelandic Smoked Salmon, is the best-selling delicacy in its home country's airport. The salmon comes from unpolluted waters and is smoked over beechwood. A wider distribution is expected after buyers have savored it at Cannes.

Any settler of the flavor of Provence to duty-free shoppers worldwide through its collection of mustards, vinegars, sauces, herbs and ampoures.

Among Nestlé's new products at Cannes is a gift set of four varieties of its well-known collets, attractively packaged and presented. An ideal present for the traveler fighting the rigors of jet lag. C.F.



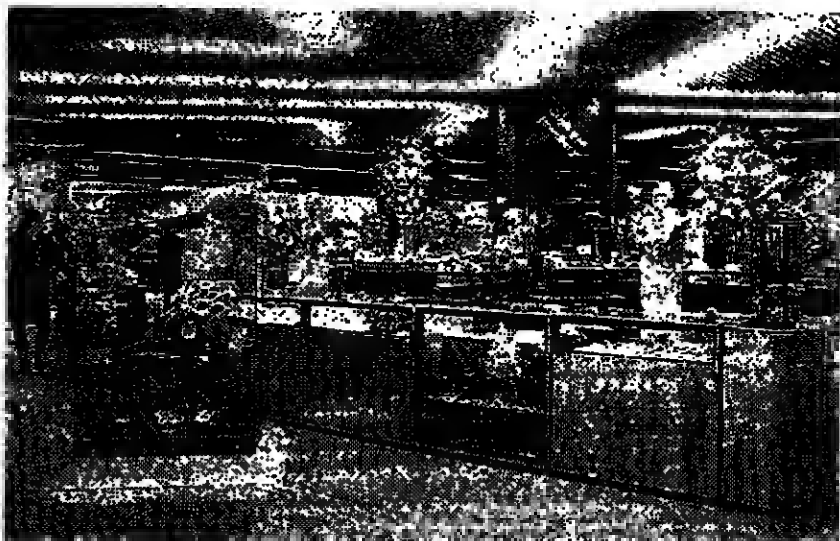
THE RISING STARS OF THE MIDDLE EAST AIRPORTS

Continued from page 7.

ity as far as Dubai Duty Free is concerned, and a string of international awards from the tax-free and travel industry proves that Dubai has been on the right track. "It is high on our list of priorities," says Mr. McLoughlin. "Over the years, Dubai Duty Free has become a most efficient promotional tool for Dubai, and we are delighted to continue in this way. It is very satisfying to hear both our own organization and the United Arab Emirates spoken of in such an enthusiastic way all around the world."

One of the most successful promotional ventures is Dubai's "Finest Surprise," a draw for luxury autos that takes place about every 10 days. Since it was started three years ago, more than 225 cars have been given to lucky winners. Major sporting events sponsored by Dubai Duty Free have also put Dubai on the map. These have included the Desert Classic golf tournament and this month's Snooker Classic (which attracted more than 500 entries). The UIM World Championship Powerboat Race for Class 1 superboats will be held on Oct. 28. Next January, Dubai will host the second series of the ATP world series tour, with a \$1 million purse for the successful tennis players.

Equally satisfying for Mr. McLoughlin are the new sales records that Dubai Duty Free continues to set. Last year's top-selling item was two tons of gold, more than was sold at any other duty-free shop in the world; this accounts for 20 percent of total



Gold accounts for 20 percent of sales at Dubai Duty Free.

sales, outselling cigarettes and liquor. Cosmetics, local gifts and handicrafts are also doing well.

While pleased with the results, Mr. McLoughlin is mindful not to lose touch with his duty-free shoppers. "By constantly reviewing product lines and adopting a 'listening' approach toward customers," he says, "we hope always to be able to ensure first-class service."

There has always been some friendly rivalry with the neighboring international airport at Abu Dhabi, the federal capital of the United Arab Emirates. There, the eye-catching green-blue mosaic centerpiece in the duty-free shopping hall is a familiar sight for the 2.8 million passengers using the airport each year. A \$1 mil-

lion expansion and refurbishment program has just been completed to make it more pleasant and easier for passengers to shop.

Six boutique-style shops have been given a new look. These include a ready-to-wear fashion shop for women's clothes and menswear from top fashion houses in Italy and France, and a boutique selling leather goods — bags, belts and garments. This is separated from a revamped perfume shop which, for the first time, has six "own-brand" company selections and is attended by specialist consultants.

"The color scheme for all the new shops and fittings reflects one color, base, highlighted by other colors in a single unifying scheme to provide a warm and welcoming atmosphere," says Mohammed Mounib, general manager of Abu Dhabi Duty Free. This is the first phase of the major improvement plan. The second phase, which will go out for tender by the end of the year, will provide for the renovation of the beverage and tobacco shop, shops selling watches and jewelry, the Island shop and the arrivals shop. In about a year's time, Mr. Mounib also hopes to open a new downtown duty-free terminal. Other plans include a duty-free operation at the new Al Ain international airport; the operation is expected to be officially opened next April.

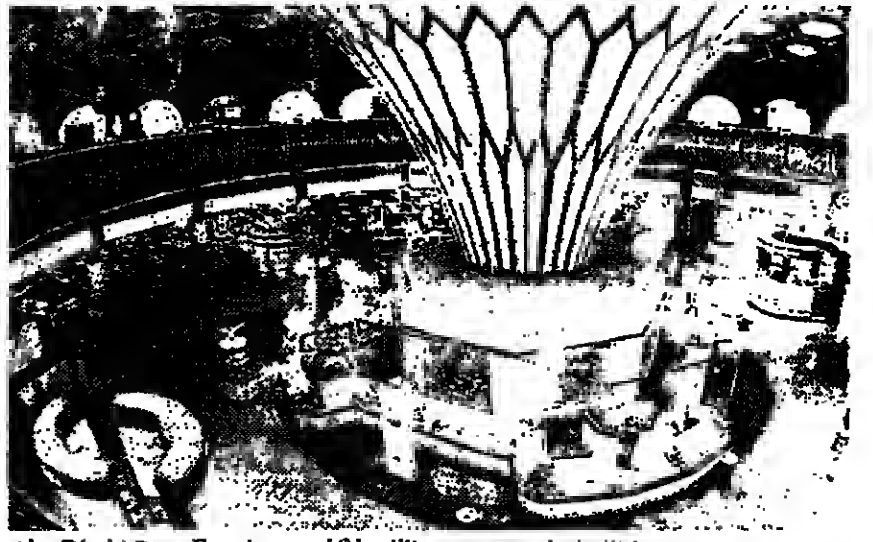
"This year, we expect to achieve sales of \$51 million," says Mr. Mounib, "and with the pattern of growth in traffic, plans to build a second terminal are on. I am confident that we will double that figure by the end of the next five years."

Abu Dhabi is noted for having very competitive prices, and Mr. Mounib is critical of some civil-aviation authorities who are hiking duty-free concession fees to upgrade their airports.

"Civil aviation authorities in our part of the world [the Middle East] consider duty free not a cow to be milked, but a sales tool to be used to promote traffic," he says, adding that "the growth in Abu Dhabi can be attributed only to the trust that travelers have put in the value for money spent in our shops." During the first half of this year, passengers have been spending an average of \$25.92 per sale, compared with \$23.8 during the same period in 1992. One of the duty free's most successful promotions is the current "win a 500,000-dharam (\$138,000) line of credit."

Since taking over as general manager of Bahrain airport's duty-free shopping two years ago (after a spell in Moscow), John Sutcliffe, one of the original "Irish Trinity" at Dubai, hopes sales this year will rise by 17 percent, to \$30 million. "I am very pleased with this performance, which has been achieved with only marginal traffic growth," says Mr. Sutcliffe. "We expect to process 2.9 million passengers this year, compared with 2.8 million in 1992."

Bahrain has just opened one of the



Abu Dhabi Duty Free invested \$1 million to upgrade facilities.

region's most elaborate duty-free arrivals shops, strategically located in the baggage collection area.

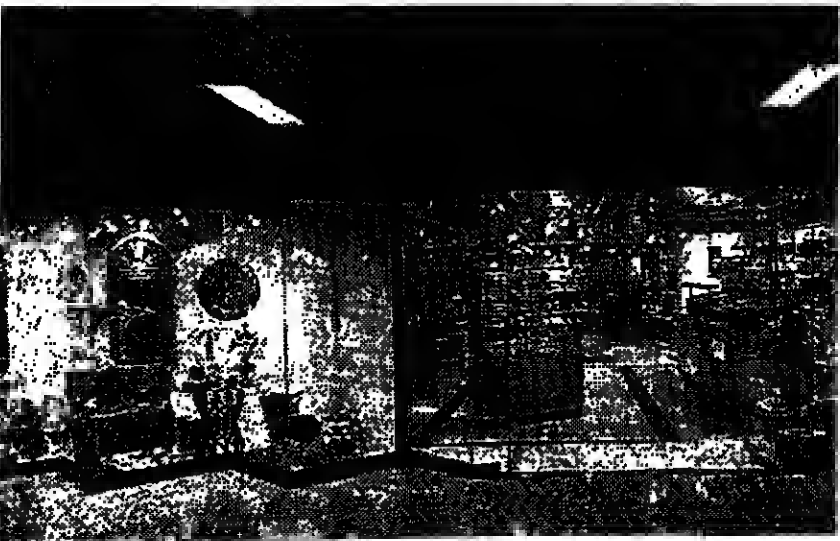
Another innovation is a pre-order system for customers, who can make inquiries about availability and prices before leaving their hotel or homes for the airport. The goods will then be available for collection on arrival, saving valuable time for the traveler.

Commenting on achievements during the last 12 months, Mr. Sutcliffe says: "Our good sales performance can be attributed to better merchandising, with an expanding range of products and better displays. We have also given special attention to training

and have set up our own in-house training department. The emphasis is on product knowledge and quality customer service."

An aspect that makes Bahrain stand out from other duty-free operations in the region is the characteristic Bahraini flavor that has been given to the duty-free complex.

This includes part of the décor, a large selection of Bahraini-made goods, gifts and foods. In addition, says Mr. Sutcliffe, "35 percent of our staff are Bahrainis. We have nine different nationalities of staff on the shop floor, and they speak a total of 20 languages." Michael Frenchman



An elaborate new duty-free arrivals shop, recently opened in Bahrain.

GLAMOUR IS THE NAME OF THE GAME

Continued from page 7.

of tax burden and marketing," says Mr. Goddard. He is also critical of the fact that not enough has been done to make the public aware of the ins and outs of the new EC regulations in relation to duty- and tax-free allowances.

The tax-free industry is one of the fastest-changing markets in the world. Developing and emerging countries strive to get a foothold in this highly lucrative form of retailing by attracting the jet-setting global traveler who is either on vacation or business.

"Global tax-free business at airports and on ferries will always have its glamorous side," says Mohammed Mounib, general manager of Abu Dhabi Airport's duty-free operations, which expect to gross \$51 million by the end of this year. He believes that tax-free sales will flourish outside the EC "because world travel will continue to boom."

Helping to woo the customers of today and, more importantly, tomorrow are the bright lights, elegant and tasteful displays, and the more common "open-shop" approach manned by a new breed of salespeople, who provide the essential "service with a smile." Mr. Mounib says that "we have to continuously upgrade our shops and staff because customers expect to be served better every time they pass through."

One company that has consistently tried to bring a bright new image to airport shopping is the Duty Free Shoppers Group of San Francisco,

which has been most active in Southeast Asia and the Far East, where the presentation and display of merchandise is a vital factor in developing upbeat sales.

Glamour has become the name of the game as airports spruce up their shopping areas, realizing that tax-free shopping can boost their revenues. A typical example is the British Airports Authority, which runs London Heathrow, Gatwick and five other provincial airports in Britain (as well as the Pittsburgh airport in the United States). Last year, more than 31 million international passengers passed through its British airports, contributing \$238 million, or 49.5 percent, of BAA's overall revenue.

Mr. Newhouse, one of the industry's most authoritative watchdogs, believes that glamour and the advent of the specialist shop are the essential tools of a changing industry. There has been a spectacular growth in specialist shops at some airports. Mr. Newhouse points out that Terminal 4 at Heathrow is now "one of the most attractive shopping malls in Europe." Sales at the 22 specialist shops — which include names like Swatch, Bally, George Jensen and Jaeger — were up 40 percent last year. "Admittedly, this was from a low base point, but it indicates what the future holds," says Mr. Newhouse.

BAA's current advertising for Terminal 4 claims: "Residents of the global village now have their own tax-free shopping mall." Two years ago, BAA embarked on a \$180 million strategic investment policy to

develop "global village shopping," and the policy is beginning to pay off.

This important development has been recognized by airport authorities in the developing world as well. Colm McLoughlin, general manager of Dubai Duty Free, says that the opening of "super stores" in airports reflects this strategy. "It also indicates that there will be a definite growth in the global tax-free business as travel becomes more affordable to more people," he adds. Dubai Duty Free was one of the first Middle East airports to introduce Western-style shopping for the international traveler in the region.

John Sutcliffe, manager of Bahrain's Duty Free and pioneer of the new look for the Moscow and St. Petersburg airports, sees a move toward greater diversification and "high-street" retailing, particularly in Europe. Mr. Sutcliffe warns, however, that "because of high concession fees, shops in Europe in particular are finding it difficult to compete with the high street." This is also due to the general economic recession in Europe, which has led to widespread high-street discounting.

Mr. Paquet notes that there are now more "shopping centers" in major airports. "The conditions and comfort of most airports have improved," he says. "The organization of the business itself and the way suppliers are selling have also changed. Service is improving. There is more selling space with bigger areas and more specialist shops such as boutiques with controlled environments." M.F.

DUBAI DUTY FREE'S FINEST SURPRISE CONTINUES...

YOUR OPPORTUNITY TO WIN THE FINEST CARS AT THE WORLD'S FINEST DUTY FREE

DUBAI DUTY FREE'S FINEST SURPRISE NOW OFFERS YOU A CHOICE. TICKETS MAY BE PURCHASED FOR ONE OR BOTH CARS.

For each car, tickets are priced at **Dhs 500/US \$439 and limited to 1,000 bonafide travellers either departing or transiting through the Dubai International Airport.**

The draw date and winning numbers will be published and each participant will be advised.

The cars will be shipped to the winners address free of charge.

The Finest Collection At The World's Most Elegant Duty Free

For The World's Finest Fly Buy Dubai

CONGRATULATIONS! DUBAI DUTY FREE'S FINEST SURPRISE WINNERS

223rd Winner NASEER MOHD SHAH (Series # 223 - Ticket # 0727) of Pakistan, winner of the horizon blue Porsche 911 Carrera 2-Tiptronic.	224th Winner ROBERTO EMMA (Series # 224 Ticket # 0725) of Italy, winner of the laser blue BMW 750 IL.	225th Winner FATMA DUDHIA (Series # 225 - Ticket # 0433) of the United Kingdom, winner of the almandine red Mercedes Benz 500 SEL.	226th Winner MORAMMAD SOBHAL ASFAQ (Series # 226 - Ticket # 0210) of Pakistan, winner of the island green BMW 750 IL.
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For further information please call Dubai (07) 41 206-2433 or Fax (971) 41 241 455.

NASDAQ NATIONAL MARKET

Table with columns: Sales, High, Low, Close, Net. Includes sub-sections A, B, and C listing various stock symbols and their performance.

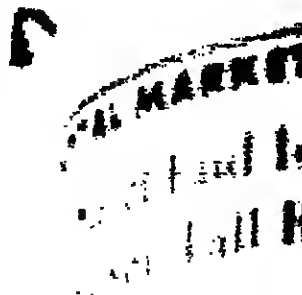
Table with columns: Sales, High, Low, Close, Net. Continuation of stock market data.

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Advertisement for Turkish Airlines featuring an image of the Dolmabahce Palace gates. Text: 'A HERITAGE of arrivals and departures... Like the gates of the Ottoman built Dolmabahce Palace in Istanbul, Turkey itself has seen a great deal of arrivals and departures... TURKISH AIRLINES NEW HORIZONS IN COMFORT'

Continuation of NASDAQ market data tables, including sub-sections D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.



THE TRIBUNE

CURRENCY

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Continued on Page 14

CAPITAL MARKETS

The Short End Is Starting To Deliver Tall Results

By Carl Gewirtz
International Herald Tribune

PARIS — The big rally everyone said was waiting to happen hit European bond markets last week after the cascade of cuts in official interest rates initiated by the Bundesbank. But for the most part, the action was confined to the short end of the maturity spectrum, and analysts expect it to remain focused there.

Prices on long-term paper also rose, but less spectacularly. Profit-taking in the futures markets restrained the performance in the cash market. An equally important factor, however, is the perception that the yield curve is unnaturally flat and needs to steepen before long-term rates can move substantially. Such a steepening would be the natural result as short-term rates continue to decline.

Falling German rates reduce other countries' risk premiums.

Normally, the yield curve rises from low short-term rates to the highest long-term rates. In the United States, the difference between yields on two-year and 10-year government paper currently is 1.5 percentage points, or 150 basis points.

But in Europe, where the shortest rates — from overnight to one-year — remain higher than long-term rates because of restrictive monetary policies imposed by the Bundesbank, the difference between two-year and 10-year rates is abnormally small: 35 basis points in the Netherlands, 43 in Germany, 61 in Spain, 66 in France, 73 in Belgium and 79 in Italy.

These, however, already represent a big change from a week ago, when the spread was a mere 18 basis points in Italy, for example, and 49 in France.

Bob Tyley at Paribas Capital Markets in London says a spread of at least 100 basis points is a realistic target in most European markets. And that means that short-term paper is set to outperform, regardless of how much lower long-term yields fall.

That's what happened throughout Europe last week. Yields, which move inversely to prices, fell on two-year French paper by 22 basis points and on five-year paper by 18 basis points. In contrast, the yield on 10-year paper fell only seven basis points.

In addition, analysts expect the best performance in markets outside the so-called hard-core markets linked most closely to the Deutsche mark.

The decline in German rates, by fostering hopes for faster growth in Europe and weakening the mark somewhat, reduces the risk premium the market has imposed on the debt of neighboring countries.

For example, the best performance last week was in Spain, where yields fell 35 basis points on five-year paper and 30 basis points on 10-year bonds. The move reflected a narrowing in the risk premium relative to Germany. The spread between 10-year Spanish and German government bonds dropped from 273 basis points to 251 last week, and Michael O'Hanlon at Kidder Peabody in London says the gap can easily close to 230 basis points.

He sees the spread on Danish bonds, currently 51 basis points.

See BONDS, Page 13

UAW Pact Is Called Too Rich For GM

Compiled by Our Staff From Dispatches

DETROIT — General Motors Corp. and the United Auto Workers Union reached a tentative agreement Sunday on a three-year labor contract that several analysts said the automaker might have trouble paying for.

The analysts said GM would probably need to issue more stock or sell some noncore assets to pay for the higher wage and pension benefits in the new proposed contract.

Union officials said the proposed contract was similar to agreements reached earlier with Ford Motor Co. and Chrysler Corp.

Under the contract, which must be ratified by GM's 241,000 hourly workers, wages would rise 3 percent in the first year, and there would be lump-sum bonuses equal to 3 percent of annual pay in each of the next two years. Workers would continue to receive fully paid health care and would retain job-security provisions that have cost GM billions of dollars in the last three years.

But it was the pension provision, which union sources said had been the final obstacle to an agreement, that could prove most troublesome to GM. Several analysts said that increasing pension benefits would sharply reduce GM's shareholder equity and prompt credit-rating agencies to downgrade the automaker's debt.

"We do regard the contract as an important event," Scott Sprinzen of Standard & Poor's Corp. said. Mary Anne Sudol of Fitch Investors Service Inc. added, "We really have to look closely at the agreement."

Union sources said the GM pension accord, like the one with Ford, would raise pension benefits 13 percent, to \$2,030 a month for workers with 30 years of service, by 1996.

GM's pension liability already was underfunded by around \$19 billion, and industry analysts warned that if GM accepted the Ford pattern, its funding shortage would swell to about \$25 billion. Joseph Phillippe, an analyst at Lehman Brothers, said the pension issue was a problem but was not critical as long as GM continued to pump cash into the fund.

"GM claims to have a definitive plan to do this," he said. "Obviously they've been waiting for the resolution of the contract so now they need to step up and tell us what it is." He said GM's plan could include the sale of a stake in one of its nonautomotive units, such as Electronic Data Systems Inc. or GM Hughes Electronics Corp., or a stock sale.

GM is expected this week to post a third-quarter loss of 30 cents to 50 cents a share, excluding a tax gain that may put it in the black. To return to profit, GM officials said, GM will be able to cut its payroll more quickly by moving laid-off auto workers to jobs at different plants. The previous labor contract forced GM to make about \$3.4 billion in job-security payments.

(Reuters, Bloomberg)

In Search of an EC Money Policy

Elusive Goal Pits German and British Approaches

By Tom Buerkle
International Herald Tribune

AMSTERDAM — A single European currency remains a distant vision because of the breakdown of tight links between national monies and the recession's brutal impact on European economies, officials and analysts say.

But even if the European Community does succeed in reaching monetary union, it will face another daunting challenge: How to manage a single currency among member states whose monetary strategies and track records diverge so sharply?

The dilemma will fall in the hands of Alexander Lamfalussy, who is expected to be named to head the European Monetary Institute, a forerunner of the planned European central bank, at a summit meeting of EC leaders in Brussels on Friday. And already EC countries are lobbying him to adopt their policies, a conference of central bankers and economists here indicated.

On one side is the Bundesbank, which wants to impose on Europe its strict strategy of controlling Germany's money supply. On the other is Britain, which has given up trying to control money and instead sets a target for inflation, without quite revealing how it intends to meet that target.

For Oskar Issing, a board member of the Bundesbank, the defense of the German option was straightforward. Despite higher inflation stemming from unification, Germany's long-term inflation record remains solid, and the Deutsche mark and German interest rates remain Europe's benchmarks.

For a new European central bank that will have no track record of maintaining a solid currency, it makes sense to try to adopt the Bundesbank's mantle of credibility by adopting its methods, Mr. Issing said.

The monetarist theory that serves as the basis for German policy is coming under increasingly strong attack, though, especially in the United States. Benjamin Friedman, a

though he acknowledged that the link between money supply and prices has been broken in many countries, he expressed concern that countries like Britain and Italy — which lack clear monetary targets and have no exchange-rate constraints since they were driven out of the exchange-rate mechanism — are flying blind.

But even a clear monetary strategy will not ensure that a single European currency will prove to be hard money.

It all comes down to the central bankers' version of the chicken-and-egg dilemma: Has the Bundesbank, for example, been successful at controlling inflation because it is independent and pursues a clear strategy? Or does the bank's mandate and performance merely reflect the fact that the German people are deeply committed to price stability and a strong mark?

The evidence, many experts said, points to the latter argument. "The strong underlying factor," Mr. Friedman said, "is whether the society as a whole wants to have low inflation, perhaps at the expense of other things in the short run," such as jobs.

Germany won out by getting the Treaty on European Union, the blueprint for monetary union signed in Maastricht, to state clearly that a European central bank must be independent and pursue price stability as its chief goal. But public skepticism toward the Maastricht treaty remains high, and it is far from clear how far German attitudes toward money have spread throughout Europe.

The EMI's chief apparent is likely to lean to the Bundesbank view.

Harvard University economics professor, said the Federal Reserve's downgrading of money-supply targets this summer reflected "the abandonment of a rhetorical fiction," namely that controlling the amount of money in the economy could control inflation.

Britain, which failed at trying to control first its money supply and then the exchange rate of the pound, has opted for a more ambiguous policy. The government has set an inflation target of 1 percent to 4 percent without specifying how it will be met.

Andrew Crockett, executive director of the Bank of England, told the conference that the bank reviews a range of indicators each month but that it does not target any of them. Mr. Lamfalussy indicated that a European central bank is most likely going to come down closer to the German position. Al-

Forecasts Split on Growth in Germany

One of 6 Institute Doubts Economy Will Expand in '94

Reuters

BONN — A report by Germany's top economic think tanks as five of the organizations expect the economy to grow in 1994 but sixth disagreed, forecasting further contraction in Western Germany.

The report, due to be published Monday, said the expected growth would come at the cost of a large government deficit.

The document, endorsed by 45 of the country's leading independent economic research institutes said Western Germany's gross domestic product would rise by 1.8 percent in 1994 after falling 1.5 percent in 1993. This is similar to forecasts made by the government.

It also said GDP in all of Germany would grow 1.5 percent next year after falling 1.5 percent in 1993 and that Eastern Germany GDP would rise 7 percent after a 5 percent rise this year.

But in a dissenting opinion inserted into the report, the Berlin-based institute DIW said it believed that West German GDP would fall 0.5 percent in 1994 and that East German growth would slow to 3 percent.

"With the easing of monetary policy and lower wage increases the fundamental conditions for economic recovery should gradually appear," the report, which published twice a year, said.

"The economies of other Western European countries should also cover slowly," it said. "With an economic pickup, industrial production will rise in many Western European sectors which are now struggling to survive."

Chancellor Helmut Kohl said the newspaper Welt am Sonntag that the report confirmed the government's view that the recession was bottoming out.

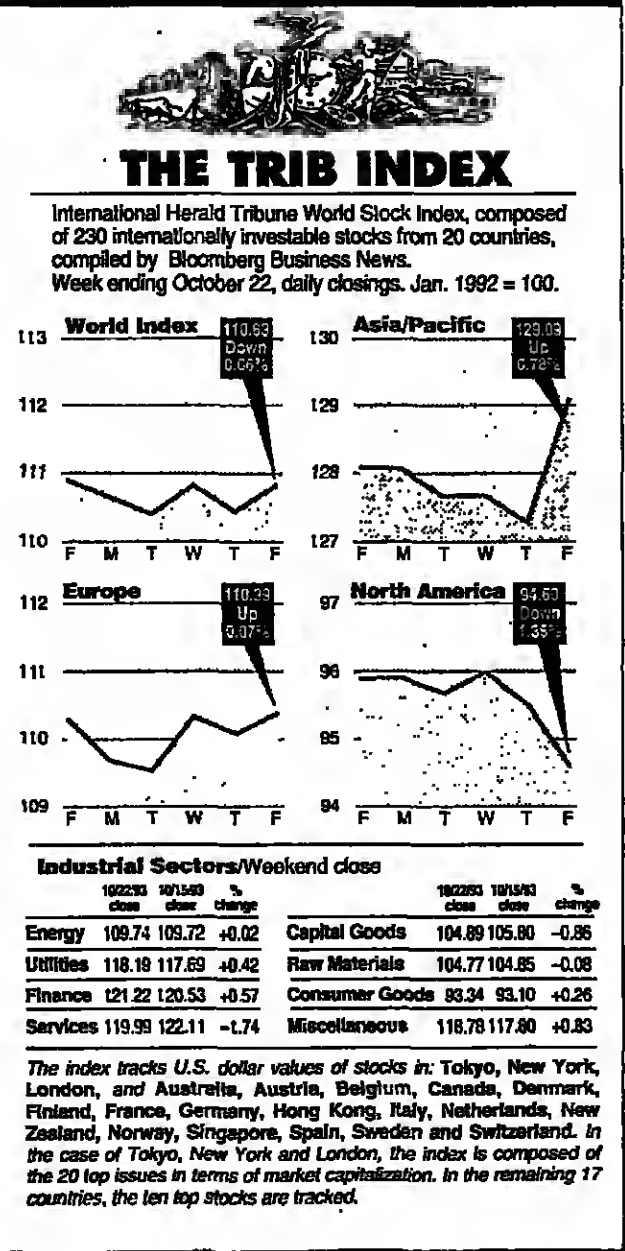
Forecasting a rise in the federal budget deficit to 110 billion Deutsche marks (\$66 billion) next year from 107 billion DM this year, 1 institutes urged the government devise a strategy to limit the deficit and maintain the confidence of investors.

"So far, there is no convincing consolidation strategy for the medium term," it said.

VW Studying 4-Day Week

Volkswagen AG is considering introducing a four-day work week "to save jobs" and is not planning any further job cuts, VW's spokesman said Sunday, according to news agency reports from Berlin.

Otto Ferdinand Waebis, a spokesman, said VW would announce more details of the plan next few days. He denied reports in the news magazine Focus that VW planned to cut 18,000 jobs out of its current work force of 108,000.



Japan Appears to Ease Trade Stance

Compiled by Our Staff From Dispatches

TOKYO — Japan may soon decide to ease its ban on rice imports to avoid being isolated at the Uruguay Round world trade talks, Japanese Sunday newspapers quoted a government spokesman as saying.

In another sign of possible Japanese softening on trade issues, a government audit released Sunday criticized the government's own bidding system for public-works projects, lending credence to American arguments that Japan's construction market tends to exclude foreign competitors.

On rice imports, "discussions between Europe and the United States are making headway," the government spokesman, Masayoshi Takemura, was quoted as having told Japanese reporters.

"Judging from the atmosphere at the global talks, it is true that Japan alone cannot resist the moves," Mr. Takemura, Japan's chief cabinet secretary, said. "Our country must soon make the final decision."

Last month, Japan decided to import 200,000 metric tons of industrial-grade rice. But it has insisted that the imports were an emergency response to a disastrous rice

harvest this year and not a weakening of its ban on imports.

The United States and several rice-producing countries in Asia have been asking for access to the Japanese market, but Tokyo has argued that for security reasons, it must remain self-sufficient in its most important food item.

Mr. Takemura said Peter Sutherland, head of the General Agreement on Tariffs and Trade, had urged Japan to agree to replace its ban with tariffs and allow a token amount of rice imports.

"For the government, this is not an easy plan to accept. But we can't go on repeating 'no,'" Mr. Takemura said.

Mr. Sutherland left Japan on Saturday after three days of intensive talks with politicians, businessmen and farmers on the matter, part of his effort to reach an agree-

ment in the Uruguay Round of trade talks by December.

On the construction issue, the report by the government's Management and Coordination Agency said 20 of 35 government ministries and public corporations had not adopted a fair and open bidding system for public-works contracts.

In talks with the United States last week, Japan offered to introduce such a system, but the offer failed to head off an American threat to impose trade sanctions next month.

The report released Sunday said the 20 ministries and public corporations emphasized "close ties and experience" in selecting contractors.

"This lacks fairness and reason," the audit report said.

(Reuters, AFP)

CURRENCY RATES

Cross Rates	Oct. 22
American dollar	100.00
British pound	163.25
French franc	166.63
German mark	163.65
Italian lira	2036.26
Japanese yen	160.91
Netherlands guilder	103.61
Spanish peseta	166.63
Swiss franc	145.48
U.S. dollar	100.00
U.K. pound	163.25
West German mark	163.65
Yen	160.91

Other Dollar Values	Oct. 22
Australian dollar	1.54
Canadian dollar	1.23
Denmark krone	136.48
East German mark	1.54
Finland markka	5.94
French franc	166.63
Irish pound	7.88
Italian lira	2036.26
Japanese yen	160.91
Netherlands guilder	103.61
Portuguese escudo	200.48
South African rand	13.76
Swiss franc	145.48
U.S. dollar	100.00
U.K. pound	163.25
West German mark	163.65
Yen	160.91

Forward Rates	Oct. 22
30-day	1.0000
60-day	1.0000
90-day	1.0000
120-day	1.0000
150-day	1.0000
180-day	1.0000
210-day	1.0000
240-day	1.0000
300-day	1.0000
360-day	1.0000

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IHSI (SDR). Other rates from Reuters and AP.

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Luxembourg, 29 July 1993

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New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupons, and Equity-Linked.

A Big Fall No Longer Shadows The Dollar

By Carl Gewirtz International Herald Tribune PARIS The dollar turned a corner last week...

The dollar's recovery ends any prospect of a big fall, said Jim O'Neill, an analyst in London for Swiss Bank Corp...

When it cut its leading interest rates last week, the central bank announced that it would provide short-term credits to banks this week at 6.4 percent...

Without such confirmation, he said, "it's highly unlikely" the dollar could sustain a level higher than 1.70 DM in the near term...

The German move had little effect on the gap in short-term interest rates, where investments in marks are yielding about 3 percent...

Expectations of an early move by the Federal Reserve could be fueled Thursday when Washington reports its flash estimate of third-quarter growth...

Morgan's forecast is for an annual growth rate of 3.4 percent, compared with 1.9 percent in the second quarter...

"The expected stronger growth figures will heighten anticipation of a Fed tightening," Mr. Lipsky said.

Dart Family Balks in Brazil Debt Talks

By Kenneth N. Gilpin New York Times Service

NEW YORK For the past couple of weeks, a high-stakes game of chicken involving one of America's wealthiest families and the government of Brazil has animated what essentially is the final chapter of the Latin American debt crisis...

The quarrel, which has Citibank and several other big banks caught in the middle, centers around a face value of about \$1.4 billion in Brazilian loans held by the Dart family of Sarasota, Florida...

Those loans are part of a \$43.5 billion package of loans that Brazil, the largest debtor in the developing world, and its major commercial bank creditors have been painstakingly working to restructure for nearly three years...

Now the plan is in trouble, even though holders of 95 percent of the debt have approved it. That is because the Dart family, whose stake makes it the fourth-largest holder of the debt, has made it plain that they do not like the terms...

"This kind of problem is not new," said a trader who deals in the debt of developing countries and spoke on the condition of anonymity. "But it usually occurs with smaller people. If the Darts had a smaller position, I think there would be an attempt to buy them out."

But the Darts are not small players. Indeed, other interested observers said they thought the family would ultimately choose to take a smaller profit on a revised plan rather than risk losing a great deal more if the financing package fell through...

rise to a fixed rate of 8 percent over six years. To make up for the lack of collateral, these bonds would pay the difference in interest between 8 percent and the current coupon in the form of more bonds, until the 8 percent ceiling was reached.

After receiving commitments, Brazil changed its proposal because the original restructuring plan, while lowering interest costs, did little to reduce its debt.

Under its amended plan, Brazil asked the banks to convert at least 35 percent of the securities into a third alternative: deep-discount bonds.

A committee of bankers agreed, as did most of the other creditors. But the Darts, who chose to place all their investment in the noncollateralized bonds, were less than thrilled.

U.S. Bonds Plunge U.S. bonds plunged on Friday after comments from Federal Reserve Chairman Alan Greenspan raised concerns about inflation. Bloomberg Business News reported from New York...

Mr. Greenspan said consumers and businesses were not spending as much on reducing debt, a drag on the economy in recent years. The benchmark 30-year bond plunged 29/32 to close at 103 23/32 on Friday.

"Greenspan has been talking that the U.S. economy will continue making headway," said James Kenney, head trader at Prudential Securities Inc., who predicted the 30-year bond could fall another point during the next two weeks. "The market has turned negative."

The Week Ahead: World Economic Calendar, Oct. 25 - 29

Table with columns: Date, Event, Location. Lists economic events for Asia-Pacific, Europe, Americas, and other regions.

LONRHO: Behind Harrods Deal

Continued from Page 1 Fraser, a retail group that has Harrods as its flagship. The Fayeds fought back, spending an undisclosed amount of money. A new round of legal confrontations was due in January.

"The difference is, we were spending our own money because we are private, and he was spending his company's money," Ali Fayed, one of the owners of Harrods, said in a telephone interview.

Mr. Rowland contended that the Fayeds were in fact only the public representatives of the sultan of Brunei, who is believed to be the world's richest man, and that the £1 billion they had put up to buy Harrods in 1985 was not theirs.

BONDS: Rally Mainly Helps the Short-Term Sector

Continued from Page 11 halving to 25 basis points, and on U.K. paper falling from 95 to 70. Despite the potential for greater gains in these markets, however, investors seem to have no reluctance to increasing their exposure in the core markets.

This was shown last week by the response to the first global issue denominated in marks launched by the World Bank. Its 3 billion DM of 10-year bonds was substantially oversubscribed.

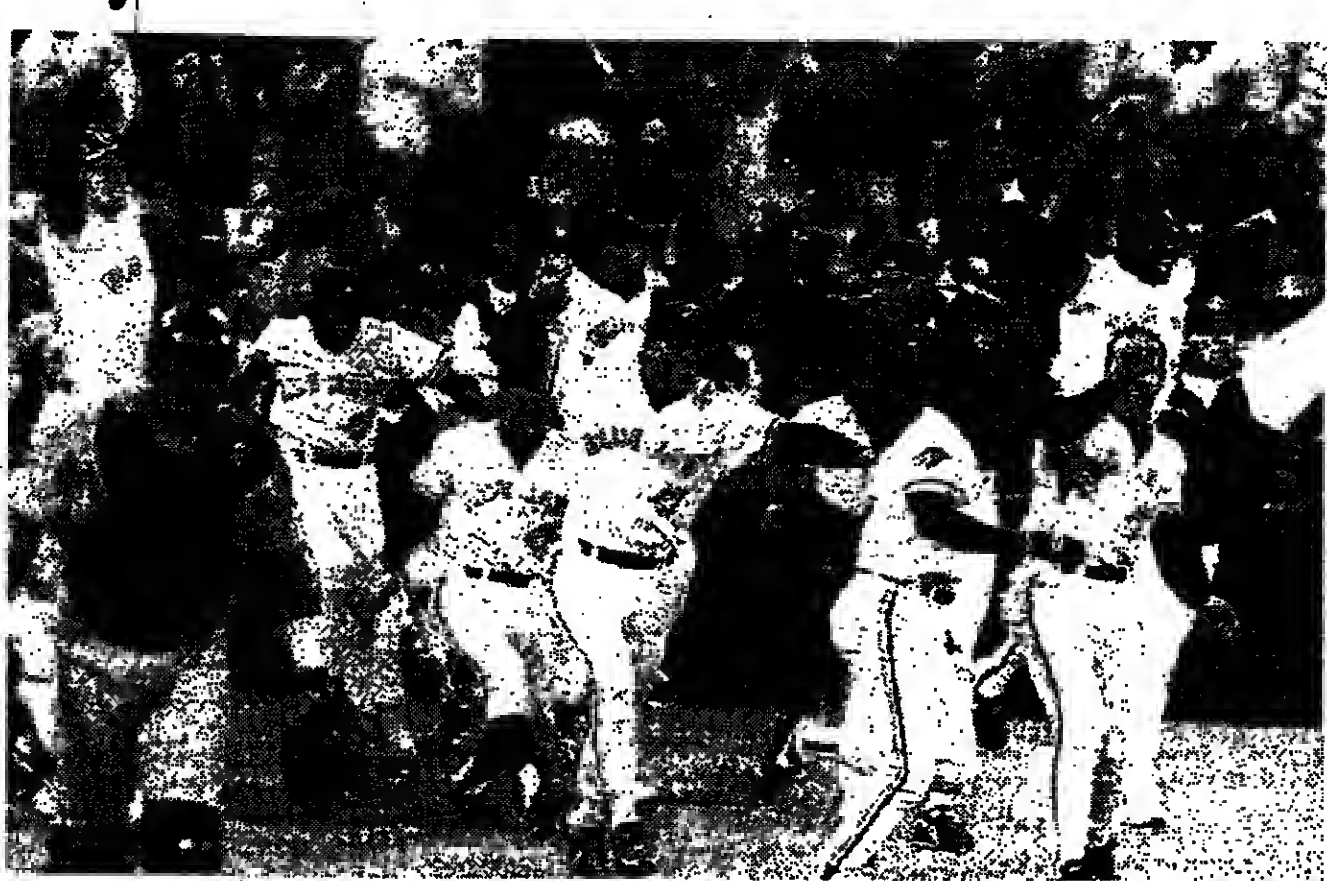
Similarly, French bankers said nonresident demand had accounted for two-thirds of the placement of Credit Local's 7 billion francs of eight-year paper. Offered at 99.94 with a coupon of 6 percent, the issue was priced to yield 21 basis points over comparably dated French government paper.

Advertisement for Continental Airlines featuring the slogan 'DON'T JUST UPGRADE YOUR SEAT, UPGRADE YOUR AIRLINE.' Includes a table of flight fares and a picture of a plane.

Series Game 6

Table with columns for player names and statistics (AB, R, H, ER, SO, etc.) for the Blue Jays and Phillies.

Jays Win the Series on Carter's 3-Run Homer in 9th



As the Phillies' Darren Daulton walked dejectedly from the field, the Blue Jays raced forth to welcome Joe Carter at the plate.

Dramatic Drive Erases Phillies' Comeback

By Mark Maske
Washington Post Service
TORONTO — With one of the most dramatic swings of a bat in World Series history, the Toronto Blue Jays became major league baseball's first repeat champions in 15 years.

Postseason Scoreboard

Table showing American League Playoffs and National League Playoffs results, including Toronto 7, Chicago 3, Philadelphia 4, Atlanta 2, etc.

However, the Phillies' leadoff man, Lenny Dykstra, continued his astounding Series — and astounding season — by hitting a three-run homer off Stewart with no outs in the seventh. That turned a 5-1 game into a 5-4 thriller, and it ended Stewart's evening. The Phillies, though, were not done.

Series Summary

Table with columns for batting summary (Player, AB, R, H, ER, SO, etc.) for the Phillies and Jays.

The Sense of Entitlement

By Thomas Boswell
Washington Post Service
TORONTO — Oh, not to be Mitch Williams, now that winter's here. For the rest of us, it's still autumn. But winter came early for Wild Thing. And it may stay a long time.

Vantage Point

LINEUP in baseball awaiting him to begin the ninth, did he want to plead nolo contendere? In Philadelphia, they will tell you that this Series was, indeed, decided in six games and that, with any normal semblance of a championship relief closer, the Phillies won.

Sennas Edges Prost in Japan, Then Punches British Driver

Compiled by Our Staff From Dispatches
SUZUKA, Japan — Ayrton Senna outdistanced his old rival Alain Prost to win the Japanese Grand Prix on Sunday and then got into a heated argument and took a punch at a new rival after the race was over.

Chang Wins First China Tournament

BEIJING (AP) — Michael Chang, pumped up by an enthusiastic Chinese crowd, outscored hard-serving Greg Kessel of Canada for a 7-6 (7-5), 6-7 (6-5), 6-4 victory Sunday in the Saiten Open, China's first ATP professional tennis tournament.

SIDELINES

Raintrap Wins St. Leger Horse Race
PARIS (Reuters) — Raintrap, owned by Khalid Abdullah and ridden by Pat Eddery, edged out English raider Greg Kaszedski of Canada for a 7-6 (7-5), 6-7 (6-5), 6-4 victory Sunday in the St. Leger horse racing classic at Longchamp.

For the Record

Budapest will host the 1998 European athletics championships, the European Athletics Association announced Sunday. Two other candidates, Paris and Athens, dropped out before the final vote.

Fielding Summary

Table with columns for player names and statistics (AB, R, H, ER, SO, etc.) for the Phillies and Jays.

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